

State of Nebraska

FY2013-14 and FY2014-15 Biennial Budget



**As Revised in the
2014 Legislative Session**

May 2014

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HIGHLIGHTS

General Fund Financial Status

With the 2014 Session changes, the state would finish the current biennium (FY14 & FY15) with a projected ending balance of \$248.5 million, or \$2,150,102 above the statutory minimum 3% reserve. In addition, the Cash Reserve Fund balance is projected at \$693 million at the end of the FY14/FY15 biennium.

With the 2014 budget actions, average spending growth for the FY14 and FY15 biennium increased from 5.5% as originally enacted to 6.3%. While this is higher than the 4.4% average for the past twenty years, it follows two low growth spending biennium, 3.3% for the FY12 / FY13 biennium and a negative 1% for the FY10 / FY11 biennium.

With revenue growth (adjusted for rate and base changes) for the two year period averaging only 4.4% this relatively low revenue growth and a relatively high spending growth for the biennium averaging 6.3% creates a difference between on-going revenues and on-going spending of negative \$38 million in FY2014-15.

The financial condition for the following biennium (FY16 & FY17) deteriorates somewhat based on current planning estimates. The current financial status yields a projected balance that is \$170 million below the minimum reserve at the end of the next biennium. In the projected status, average spending growth (4.4%) and revenue growth (4.6%) are relatively even. The growing imbalance is largely due to the fact that the revenue loss from 2014 revenue legislation increases significantly in the following biennium due to operative dates and phased-in implementation. The FY2014-15 impact of revenue bills enacted amounts to \$24.3 but increases to \$46.7 million in FY16 and \$63.0 million in FY17.

A key to the financial status for the following biennium is the October 2014 meeting of the Nebraska Economic Forecast Advisory Board (NEFAB) when the initial NEFAB forecasts for FY15-16 and FY16-17 are made.

Cash Reserve Fund

The Legislature followed the concepts that (1) at this time a significant balance should be retained in the Cash Reserve Fund in light of the cyclical nature of variances from forecast and the dollar level of those variances cumulative over several years, and (2) any use of the Cash Reserve Fund should be for one-time items to match the one-time nature of the financing source. The projected unobligated ending balance after 2014 actions is \$693.1 million

The 2014 budget actions included three transfers. The first is a \$50.5 million transfer to the General Fund. This transfer covers a funding of a series of one-time items as shown on page 13. The second is a \$14.5 million transfer to the Nebraska Capital Construction Fund (NCCF) to cover the first three years of the State Capitol HVAC replacement project and installation of four courtyard fountains in the State Capitol. The third is a \$3.6 million transfer to the General Fund for the replacement of a state aircraft.

General Fund Budget Adjustments – 2014 Session

The 2014 adjustments to the originally enacted biennial budget resulted in a net increase in General Fund appropriations of \$68 million over the two year period. The largest increase items are shown in the table below. A more complete listing of all General Fund items can be found in Table 15 on page 39 and a narrative description of these items starts on page 41.

In addition to the increase in General Fund appropriations, the Legislature enacted \$71 million of transfers from the General Fund to other Funds. Of these transfers, \$36 million is anticipated to be on-going (\$25 million to Property Tax Credit and \$11 million to Water Sustainability Fund), and \$35 million as a one-time transfer (\$10 million Job Training, \$15 million to Game and Parks, and \$11 million to Water Sustainability Fund)

Major General Fund Increases - Appropriations	FY2013-14	FY2014-15	2 Yr Total
DHHS-Lower FFY2015 FMAP	0	16,919,325	16,919,325
LB 907 Supervised release, reentry probation, Vocational & Life Skills	0	14,269,362	14,269,362
Nat Resources-One-time funding, Resources Development Fund	0	10,492,793	10,492,793
Corrections-Inmate per diem and medical expenses	3,950,000	4,050,000	8,000,000
Corrections-Inmate capacity issues	880,972	5,139,157	6,020,129
LB 464 Juveniles, court jurisdiction, indictment procedures	0	5,426,692	5,426,692
DHHS-Increase funding, waiting list - developmental disability aid	0	5,000,000	5,000,000
All Other (net)	(1,760,358)	3,635,536	1,875,178
Total Change in GF Appropriations	3,070,614	64,932,865	68,003,479

Major General Fund Changes – Transfers-Out	FY2013-14	FY2014-15	2 Yr Total
Transfer to Job Training Cash Fund	0	10,000,000	10,000,000
Transfer to Game & Parks - Improvement and Maintenance Fund	0	15,000,000	15,000,000
Transfer to Water Sustainability Fund	0	21,000,000	21,000,000
Transfer to Property Tax Credit Cash Fund	0	25,000,000	25,000,000
Total Change in GF Transfers-Out	0	71,000,000	71,000,000

Tax Reductions – 2014 Session

During the 2014 legislative session there were several actions taken to reduce sales, income, and property taxes. Because of phased-in implementation and compounding effect of the income tax bracket indexing in LB987 the tax reduction starts at \$49 million in FY14-15 and continues to increase to \$115 million within five years.

Tax Reduction (millions of dollars)	FY14-15	FY15-16	FY16-17	FY17-18	FY18-19
LB 96 Sales tax exempt, repair parts, ag machinery	6.759	9.280	9.514	10.486	10.801
LB 867 Sales tax exemptions, sports arena throwback	4.137	3.140	3.274	3.503	3.748
LB 987 Index income tax brackets, SS exemption	8.347	25.586	38.131	52.667	60.009
LB 986 Change homestead exemption income limitations	4.621	5.468	5.601	5.737	5.881
LB 1087 Homestead exemption, disabled veterans	0	.406	.416	.427	.437
LB 905 Increase funds, Property Tax Credit	25.000	25.000	25.000	25.000	25.000
Total	48.864	68.880	81.963	97.821	114.876

A detailed description of the revenue bills can be found starting on page 26. Descriptions of the homestead bills can be found on page 46 while a description of the Property Tax Credit program is on page 60.

Water Funding Initiatives

Water related funding is one of the largest amounts included in the midbiennium budget adjustments. A total of \$31 million is included in FY2014-15 which consists of a \$10.5 million increase in General Fund appropriations for the Resources Development Fund and a \$21 million transfer of monies to the Water Sustainability Fund. Of this transfer, \$10 million is considered a one-time item and is covered by a like transfer from the Cash Reserve Fund to the General Fund.

While the mainline budget bills included creation of the fund and transfer of the monies to the fund, the actual appropriation or authority to spend monies in the Water Sustainability fund was contained in LB 1098A subject to guidelines established in LB 1098. (See page 61)

Game & Parks Improvement and Maintenance

The budget adjustments for the Game and Parks Commission includes a \$15 million transfer from the Cash Reserve Fund (through the General Fund) and a \$2.5 million transfer from the State Recreation Road Fund to the Commission for deferred maintenance and improvement projects at state parks. (See page 62). The Legislature also enacted LB814 which earmarks sales and use tax from the sale or lease of motorboats, personal watercraft, all-terrain vehicles and utility-type vehicles (roughly \$3.5 million) for the repair, maintenance, and improvement of Game and Park's infrastructure.

Job Training Funding

Job training funding was increased through a one-time \$10,000,000 transfer from the Cash Reserve Fund (through the General Fund) to the Job Training Cash Fund in the Department of Economic Development in FY2014-15. This fund is used to provide employee training assistance to businesses that maintain, expand and diversify the state's economic base and in the process, retain and create quality jobs for Nebraska residents. (See page 62)

Prison Population and Reform

Despite a significant increase in the number of parolees in the past two years, the Nebraska Department of Correctional Services (DCS) has experienced a marked increase in the overall inmate population at the various correctional facilities in the state which is creating capacity issues. As of January 31, 2014, the inmate population was 154.90% of design capacity. Last session funding was provided in FY2013-14 and FY2014-15 for DCS to prepare a program statement providing for a comprehensive and updated long-range capital construction master plan for all state correctional facilities. This study will be completed in the fall of 2014. The midbiennium budget adjustments included a substantial amount of funds, \$4.8 million in FY14 and \$9.2 million in FY15, for inmate per diem and medical costs and several items that are intended to address the immediate short-term capacity needs.

For the longer term, LB 907 enacts several programs relating to reduce prison population at both the front end (probation and reporting centers) and back end (release and reentry). This included (1) funds for additional Reporting Centers and expand services at current Reporting Centers, (2) creation of the Vocational and Life Skills Program in the Department of Correctional Services (DCS) and requires that all inmates receive a reentry plan when they have served at least 80% of

their sentence, and (3) creation of a 16 member working group to assist the Council of State Governments Justice Center in developing potential legislative solutions for the problems associated with prison overcrowding.

The Legislature also enacted LB999 which provided \$200,000 to prepare a program statement for creation of the Hastings Correctional Behavioral Health Treatment Center.

TEEOSA School Aid

The mainline budget adjustments included TEEOSA aid funding at a total of \$899.9 million for FY2014-15, \$880.5 million General Fund and \$19.4 million Insurance Premium Tax. This was based on the existing TEEOSA law and reflects the state aid calculated and presented by the Department of Education (NDE) in January 2014. This \$899.9 million total aid level was \$40.2 million less than the \$940.2 million estimated at the end of the 2013 legislative session and funded in the originally enacted FY2014-15 budget.

LB 725 restored \$33 million of this amount by reducing the Local Effort Rate (LER) to \$1.00 for FY2014-15. This only impacted FY2014-15 as prior law already had the LER returning to \$1.00 starting in FY16.

Developmental Disability Aid

The 2014 budget changes includes a substantial increase in FY2014-15 funding for developmental disability aid. This includes \$2,595,048 General Funds to provide a 2% increase in provider rates for developmental disability providers in FY2014-15 and \$5,000,000 million to provide services to persons on the developmental disability waiting list (\$4,745,000 for aid and \$255,000 for service coordination)

State Capitol Building Projects

The 2014 budget includes a \$14.5 million transfer from the Cash Reserve Fund to the Nebraska Capital Construction Fund for two State Capitol Building projects. The first is \$2,500,000 for installation of fountains to be located in each of the four Nebraska State Capitol courtyards consistent with the original design of the building. The second is a seven-phase, 10-year project to renovate the existing Capitol HVAC systems and complete associated infrastructure, fire protection, life safety and architectural improvements. The first three years of the project is funded with \$11.7 million from the Nebraska Capital Construction Fund (NCCF). The remaining years are to be financed with General Fund appropriations.

General Fund Financial Status

General Fund Financial Status

	Actual FY2012-13	Biennial Budget FY2013-14	Biennial Budget FY2014-15	Following Biennium FY2015-16	Following Biennium FY2016-17
1 BEGINNING BALANCE					
2 Beginning Cash Balance	498,526,356	814,678,170	359,032,797	248,544,704	157,382,481
3 Cash Reserve transfers-automatic	(104,789,781)	(285,292,610)	(82,313,000)	0	0
4 Carryover obligations from FY13	0	(259,952,427)	0	0	0
5 Lapse FY12 / FY13 / FY14 reappropriations	0	1,014,185	0	0	0
6 Allocation for potential deficits	0	0	(5,000,000)	(5,000,000)	(5,000,000)
7 Unobligated Beginning Balance	393,736,575	270,447,318	271,719,797	243,544,704	152,382,481
8 REVENUES					
9 Net Receipts (Feb 2013 NEFAB+Hist Avg)	4,047,001,258	4,103,000,000	4,238,000,000	4,404,000,000	4,628,000,000
10 General Fund transfers-out (current law)	(114,700,000)	(121,300,000)	(116,800,000)	(117,050,000)	(117,050,000)
11 General Fund transfers-in (current law)	in forecast	in forecast	in forecast	0	0
12 Cash Reserve transfers (current law)	78,000,000	(53,000,000)	0	0	0
13 2014 Cash Reserve transfers	0	3,600,000	50,500,000	0	0
14 2014 General Fund transfers-out	0	0	(71,550,000)	(36,000,000)	(36,000,000)
15 2014 General Fund transfers-in	0	0	6,800,000	0	0
16 2014 Revenue Bills	0	(2,475,000)	(24,299,563)	(46,687,606)	(63,003,103)
17 General Fund Net Revenues	4,010,301,258	3,929,825,000	4,082,650,437	4,204,262,394	4,411,946,897
18 APPROPRIATIONS					
19 Appropriations (2013 Session)	3,589,359,663	3,838,168,907	4,040,892,665	4,040,892,665	4,040,892,665
20 Projected budget increases, following biennium	--	--	--	220,641,267	396,661,361
21 2014 Mainline - Midbiennium Changes	0	(2,078,683)	2,174,808	(15,129,864)	(15,411,182)
22 2014 State Claims	0	1,467,753	0	0	0
23 2014 "A" Bills	0	3,681,544	62,758,057	44,020,549	54,011,903
24 General Fund Appropriations	3,589,359,663	3,841,239,521	4,105,825,530	4,290,424,617	4,476,154,747
25 ENDING BALANCE					
26 Dollar ending balance (per Financial Status)	814,678,170	359,032,797	248,544,704	157,382,481	88,174,631
27 Dollar ending balance (at Minimum Reserve)			246,394,602		258,196,718
28 Excess (shortfall) from Minimum Reserve			2,150,102		(170,022,088)
29 Biennial Reserve (%)			3.0%		1.0%
General Fund Appropriations					
30 Annual % Change - Appropriations (w/o deficits)	4.7%	5.7%	7.0%	4.5%	4.3%
31 Two Year Average	3.3%	--	6.3%	--	4.4%
General Fund Revenues					
32 Est. Revenue Growth (rate/base adjusted)	6.7%	4.3%	4.5%	4.6%	4.6%
33 Two Year Average	6.1%	--	4.4%	--	4.6%

CASH RESERVE FUND	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17
Beginning Balance	428,878,372	384,121,401	675,798,552	693,111,552	693,111,552
Excess of certified forecasts (line 3 in Status)	104,789,781	285,292,610	82,313,000	0	0
To/from Gen Fund per current law	(78,000,000)	53,000,000	0	0	0
To Nebr Capital Construction Fund (NCCF)	(80,000,000)	(43,015,459)	0	0	0
2014 Session - To General Fund	0	(3,600,000)	(50,500,000)	0	0
2014 Session - To NCCF	0	0	(14,500,000)	0	0
Projected Unobligated Ending Balance	384,121,401	675,798,552	693,111,552	693,111,552	693,111,552

Chronology of the General Fund Financial Status

Sine Die 2013 Legislative Session

At the end of the 2013 legislative session, the originally enacted FY14/FY15 biennial budget yielded an unobligated ending balance that was \$1.0 million above the minimum 3% reserve. The projected variance from the minimum reserve for the following biennium, FY16/FY17 biennium was projected at a negative \$3.8 million.

At the start of the 2013 legislative session a projected financial status showed a budget that was \$195 million below the required minimum reserve. From that point, a balanced budget was achieved with a combination of higher revenue forecasts (\$295 million less \$175 million mandatory to the Cash Reserve Fund), cash fund transfers (\$74.4 million), lower than projected increases in the budget including TEEOSA school aid (\$95.6 million) and defined benefit retirement plans (\$77.1 million) where statute changes negated a large portion of the amounts previously included in the pre-session estimates.

Subsequent to these savings were items that utilized additional funds, including a provider rate increase for DHHS aid programs of generally 2.25% per year (\$44.4 million), new legislation (\$34.7 million) of which almost half was for LB561 Juvenile justice system changes, and \$21 million (net above pre-session estimate) related to implementation of the federal Affordable Care Act.

Impact on Variance from Min Reserve (Millions of Dollars)	2013 Legislative Session			
	FY13	FY14	FY15	Total
Revised Revenue Forecasts (net) - Feb 2011	(9.5)	24.0	30.0	44.5
Revenue Forecasts (Feb 2013) - Fed Tax Changes	10.4	25.5	26.7	62.6
Revenue Forecasts (Feb 2013) - Base Forecast Changes	42.6	14.5	0.3	57.4
Revenue Forecasts (April 2013) - Onetime income tax	125.0	0.0	0.0	125.0
Revenue Forecasts (April 2013) - Base Forecast Changes	(3.0)	22.0	31.0	50.0
Transfer to NCCF - "Above certified" FY13 forecast	0.0	(53.0)	(122.0)	(175.0)
Transfer to NCCF - legislative	0.0	(57.0)	0.0	(57.0)
2013 Revenue bills enacted	0.0	(0.5)	(17.9)	(18.4)
General Fund transfers-in (not in pre-session)	0.0	37.2	37.2	74.4
General Fund transfers-out (interest in Prop Tax Credits)	0.0	2.0	2.0	4.0
Lapse reappropriations	5.0	0.0	0.0	5.0
Change in Minimum Reserve	0.0	0.0	(5.2)	(5.2)
Subtotal - Revenue	180.0	(9.3)	(47.9)	122.8
TEEOSA, modified LB407 vs pre-session estimate	0.0	39.1	56.5	95.6
Retirement contributions, pre-session vs \$21M increase	0.0	38.1	39.0	77.1
Deficits and Claims vs pre-session	26.3	0.0	0.0	26.3
Lower estimates, Medicaid eligibility/utilization	0.0	4.8	10.1	14.9
Employee Health Insurance (agencies vs pre-session)	0.0	4.3	8.8	13.1
Homestead Exemption (vs pre-session)	0.0	5.1	4.6	9.7
ACA behavioral health savings net of contingency	0.0	0.0	5.0	5.0
Medicaid (w/o ACA, provider rate) vs pre-session	0.0	2.0	2.0	4.0
Early Childhood Aid, back to GF	0.0	1.7	1.7	3.4

(Continued)	2013 Legislative Session			
	FY13	FY14	FY15	Total
Child Welfare aid	0.0	0.0	0.0	0.0
DHHS provider rate increase (basically 2.25%)	0.0	(14.6)	(29.7)	(44.4)
Spending legislation enacted - 2013	(1.0)	(13.0)	(20.7)	(34.7)
ACA Health Care Reform (oper+aid)	0.0	(7.5)	(13.5)	(21.0)
Special Education	0.0	(4.8)	(10.1)	(14.9)
Developmental Disability aid	0.0	(4.8)	(9.6)	(14.4)
Capital construction projects	0.0	(4.3)	(8.8)	(13.1)
Early Childhood Education Endowment	0.0	(4.0)	(4.0)	(8.0)
Decline in FY15 Medicaid match rate (includes ACA)	0.0	0.0	(7.5)	(7.5)
University, Colleges - 4% per year vs pre-session	0.0	(2.2)	(4.4)	(6.6)
Restore staffing,housing units (Corrections)	0.0	(2.8)	(2.8)	(5.5)
Fully fund DD rate methodology	0.0	2.5	(4.3)	(1.8)
All Other appropriations (net)	0.0	(2.7)	(1.5)	(4.2)
Subtotal - Appropriations	25.3	36.9	10.8	73.1
Total – 2013 Legislative Session	205.4	27.6	37.1	195.9

2013 Interim

The General Fund financial status for the FY14/FY15 biennium changed relatively little during the 2013 interim going from \$1.0 million above to \$4.3 million below the minimum reserve.

Receipts for FY2012-13 were \$52.4 million above the forecast used at the end of the 2013 Legislative Session. As noted in other places, FY13 revenues in excess of the July 2012 certified forecast are to be transferred to the Cash Reserve Fund. The amount of the minimum reserve increases by \$8.4 million due to a technical change in the calculation of the reserve attributed to assuming 100% expenditure of funds in FY13 at Sine Die versus less than 100% expenditure with FY13 data but offsetting carryover of unexpended appropriations at the start of the next year. With respect to the unexpended FY13 appropriations, all operations amounts were reappropriated while only encumbered state aid (and selected unexpended balances) are reappropriated. The certification of encumbrances is not completed until the end of August so at this point an estimated \$20 million of lapsed unexpended appropriations is used based on an evaluation of individual aid programs.

Lastly, the \$5.4 million of accounting adjustments include several transfers to other funds not previously accounted for under “transfers-out”. These are transfers out that are authorized in statute but not in specific amounts or occur on a deficit basis like the Omaha Convention Center support and tax amnesty allocation to the Dept of Revenue.

Impact on Variance from Min Reserve (Millions of Dollars)	FY2012-13 Actual Data			
	FY13	FY14	FY15	Total
Carryover obligations from FY11-12	0.2	0.0	0.0	0.2
FY13 vs Est General Fund Net Receipts	52.4	0.0	0.0	52.4
FY13 vs Est CRF transfers-automatic	0.0	(52.4)	0.0	(52.4)
FY13 vs Est Accounting adjustment	(5.4)	0.0	0.0	(5.4)
Assumed lapse, FY13 unexpended appropriations	0.0	20.0	0.0	20.0
Change in Minimum Reserve	0.0	0.0	(8.4)	(8.4)
Total Change – FY2012-13 Actual Data	47.3	(32.4)	(8.4)	6.5

In October 2013, the FY13-14 and FY14-15 forecasts were revised by the Nebraska Economic Forecast Advisory Board (NEFAB). At that meeting, revenue forecasts were increased by a total of \$64 million; \$46.3 million in FY13-14 and \$17.7 million in FY14-15. By law, revenues above certified forecasts are to be transferred to the Cash Reserve Fund therefore the \$46.3 million increase in the FY13-14 forecast is then shown as transfers to the Cash Reserve Fund.

Impact on Variance from Min Reserve (Millions of Dollars)	Oct 2013 Revenue Forecasts			
	FY13	FY14	FY15	Total
Revenue Forecasts (revised Oct 2013)	0.0	46.3	17.7	64.0
Transfer to NCCF - "Above certified" FY14 forecast	0.0	0.0	(46.3)	(46.3)
Change in Minimum Reserve	0.0	0.0	(0.5)	(0.5)
Total Change – Oct 2013 Forecast Revisions	0.0	46.3	(29.2)	17.2

In November 2013, the Tax Rate Review Committee met as required by law and an updated financial status was presented. Changes included a \$14.7 million increase in the amount of lapses of unexpended reappropriations. The \$5 million allocation for deficits was removed and agency requests for midbiennium budget adjustments were substituted. These requests totaled \$48.6 million over the two year period and included \$16.9 million for a lower federal Medicaid match rate, and \$11.2 million for higher inmate per diem and medical costs. Estimated amounts needed for TEEOSA school aid remained unchanged.

Impact on Variance from Min Reserve (Millions of Dollars)	Nov 2013 Tax Rate Review Committee			
	FY13	FY14	FY15	Total
Lapse FY12 & FY13 appropriations above July TRR est	0.0	14.7	0.0	14.7
Exclude allocation for deficits	0.0	5.0	0.0	5.0
Midbiennium Request - Lower FFY2015 Medicaid FMAP	0.0	0.0	(16.9)	(16.9)
Midbiennium Request - Inmate medical expenses	0.0	(4.3)	(4.7)	(9.0)
Midbiennium Request - MAGI Eligibility Rules ACA (SCHIP)	0.0	(1.4)	(2.8)	(4.1)
Midbiennium Request - Behavioral Health Data System	0.0	(1.5)	(1.5)	(3.0)
Midbiennium Request - Extended Family Home (EFH) Tax Rate	0.0	(1.2)	(1.2)	(2.4)
Midbiennium Request - State Disabled - Medical (net)	0.0	(0.7)	(1.6)	(2.3)
Midbiennium Request - Inmate per diem expenses	0.0	(1.1)	(1.2)	(2.2)
Midbiennium Request - ACA Sec 2101F Population (SCHIP)	0.0	(0.4)	(1.7)	(2.1)
Midbiennium Request - Infrastructure and maintenance	0.0	0.0	(1.5)	(1.5)
Midbiennium Request - All Other (original request)	0.0	(2.1)	(2.9)	(5.0)
TEEOSA School Aid revisions (Oct 2013 joint meeting)	0.0	0.0	0.0	0.0
Total Change – Nov 2013 TRR Committee	0.0	7.0	(35.9)	(28.9)

2014 Legislative Session

Overall the General Fund financial status for the FY14/FY15 biennium changed relatively little during the 2014 legislative session going from \$4.3 million below to \$2.2 million above the minimum reserve. However, there was a substantial number of budget actions within this minimal net change.

Compared to the pre-session estimate, additional funds came available through the February 2014 forecast revision (net \$63 million after required transfer to the Cash Reserve Fund), \$40 million lower funding needs for TEEOSA school aid under existing law, \$29 million of other lower midbiennium adjustments (mostly lower funding requirements for homestead exemption and Medicaid) and a \$50.5 million transfer-in from the Cash Reserve Fund (CRF).

The \$50.5 million of Cash Reserve Fund monies were used for five specific one-time items reflecting the one-time revenue source. Another \$32.9 million was used to mostly restore the TEEOSA school aid to its' original level through changes in LB725. Other significant on-going items include a \$25 million increase in transfers to the Property Tax Credit Fund, \$11 million transfer to the new Water Sustainability Fund, and \$14.3 million for supervised release, reentry probation and correctional programs provided through LB907.

In addition to the \$25 million increase in the Property Tax Credit fund, revenue reduction bills were enacted amounting to \$25 million in FY15 and growing to \$63 million per year by FY17. This includes; LB96 which provided a sales tax exemption for ag machinery repair parts; and LB987 which included an income tax reduction for military retirement, social security, and indexing income brackets.

The change in the General Fund financial status estimated for the following biennium, FY16/FY17 biennium was much more significant going from \$32.8 million to \$170.1 million below above the minimum reserve. This growing shortfall in the following biennium reflects the growing costs of legislation enacted. Excluding the one-time TEEOSA impact under LB725 revenue and spending legislation amounted to \$54.7 million in FY14-15 but grow to \$90.7 million in FY15-16 and \$117.0 million in FY16-17.

Impact on Variance from Min Reserve (Millions of Dollars)	2014 Legislative Session			
	FY13	FY14	FY15	Total
Revenue Forecasts (revised Feb 2014)	0.0	36.0	63.0	99.0
Transfer: Cash Reserve Fund to General Fund	0.0	0.0	50.5	50.5
General Fund Transfers-in (Medicaid False Claims Fund)	0.0	0.0	6.8	6.8
Transfer to NCCF - "Above certified" FY14 forecast	0.0	0.0	(36.0)	(36.0)
2014 Revenue bills enacted (includes transfers)	0.0	1.1	(24.8)	(23.7)
Lapse FY12 / FY13 reappropriations	0.0	0.0	0.0	0.0
Change in Minimum Reserve	0.0	0.0	(0.3)	(0.3)
Transfer to Game & Parks - Improvement and Maintenance Fund	0.0	0.0	(15.0)	(15.0)
Transfer to Job Training Cash Fund	0.0	0.0	(10.0)	(10.0)
Transfer to Water Sustainability Fund (on-going)	0.0	0.0	(11.0)	(11.0)
Transfer to Water Sustainability Fund (one-time)	0.0	0.0	(10.0)	(10.0)
Transfer to Property Tax Credit Cash fund	0.0	0.0	(25.0)	(25.0)
TEEOSA School Aid - to current law	0.0	0.0	40.3	40.3
Committee Prelim vs November TRR (agency request)	0.0	13.1	16.0	29.2
Homestead Exemption - to actual reimbursement	0.0	6.5	6.0	12.5
DHHS Program base reductions	0.0	0.8	6.9	7.7
2014 A Bills enacted - All Other than LB725	0.0	(3.2)	(29.8)	(33.0)
2014 A Bills enacted - LB725 TEEOSA School Aid	0.0	0.0	(32.9)	(32.9)
Correctional Services, costs and population issues	0.0	(4.8)	(9.2)	(14.0)
Increase funding, Resources Development Fund	0.0	0.0	(10.5)	(10.5)
DHHS-waiting list - developmental disability aid	0.0	0.0	(5.0)	(5.0)
Education-Early childhood grant program	0.0	0.0	(3.5)	(3.5)
DHHS-2% increase in provider rates - developmental disability aid	0.0	0.0	(2.6)	(2.6)
University-Pediatric cancer research	0.0	0.0	(1.8)	(1.8)
State Claims	0.0	(1.5)	0.0	(1.5)
All Other appropriation changes	0.0	(0.8)	(2.9)	(3.7)
Total Change – 2014 Legislative Session	0.0	47.3	(40.9)	6.5

Chronology of the General Fund Financial Status

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

Millions of Dollars	Current Biennium			Following Biennium		
	FY12	FY13	3 Yr Total	FY14	FY15	5 Yr Total
Sine Die 2013 Session			1.0			(3.8)
Carryover obligations from FY11-12	0.0	0.0	0.2	0.0	0.0	0.2
FY13 Actual vs Est General Fund Net Receipts	0.0	0.0	52.4	0.0	0.0	52.4
FY13 Actual vs Est CRF transfers-automatic	(52.4)	0.0	(52.4)	0.0	0.0	(52.4)
FY13 Actual vs Est Accounting adjustment	0.0	0.0	(5.4)	0.0	0.0	(5.4)
Assumed lapse, FY13 unexpended appropriations	20.0	0.0	20.0	0.0	0.0	20.0
Change in Minimum Reserve	0.0	(8.4)	(8.4)	0.0	8.0	(0.4)
July 2013 Tax Rate Review Committee			7.4			10.7
Revenue Forecasts (revised Oct 2013)	46.3	17.7	64.0	17.1	18.1	99.2
"Above certified" FY14 forecast to CRF	0.0	(46.3)	(46.3)	0.0	0.0	(46.3)
Lapse FY12 & FY13 appropriations >July TRR	14.7	0.0	14.7	0.0	0.0	14.7
Exclude allocation for deficits	5.0	0.0	5.0	0.0	0.0	5.0
2013 Midbiennium Budget Requests (original)	(12.7)	(35.9)	(48.6)	(33.4)	(33.4)	(115.4)
TEEOSA School Aid revisions (Oct 2013meeting)	0.0	0.0	0.0	0.0	0.0	0.0
Change in Minimum Reserve	0.0	(0.5)	(0.5)	0.0	(.2)	(.7)
Nov 2013 Tax Rate Review Committee			(4.3)			(32.8)
Committee Prelim vs Nov TRR (agency request)	20.4	28.9	49.4	27.5	27.5	104.4
TEEOSA School Aid to current law	0.0	40.3	40.3	42.1	42.4	124.7
Allocation for Post Hearing Adjustments	(5.0)	(49.0)	(54.0)	(13.0)	(13.0)	(80.0)
GF Transfers-in, Medicaid False Claims Cash Fund	0.0	6.8	6.8	0.0	0.0	6.8
State Claims (est)	(1.2)	0.0	(1.2)	0.0	0.0	(1.2)
Change in Minimum Reserve	0.0	(0.2)	(0.2)	0.0	(1.0)	(1.2)
Committee Preliminary Budget			36.8			120.7
Delete Allocation for Post Hearing Adjustments	5.0	49.0	54.0	13.0	13.0	80.0
Increase funding, Resources Development Fund	0.0	(10.5)	(10.5)	0.0	0.0	(10.5)
Correctional Services, costs and population issues	(4.8)	(9.2)	(14.0)	(5.0)	(5.0)	(23.9)
Developmental disability - waiting list	0.0	(5.0)	(5.0)	(5.0)	(5.0)	(15.0)
Education-Early childhood grant program	0.0	(3.5)	(3.5)	(0.1)	(0.1)	(3.7)
Developmental disability - 2% provider rates	0.0	(2.6)	(2.6)	(2.6)	(2.6)	(7.8)
University-Pediatric cancer research	0.0	(1.8)	(1.8)	0.0	0.0	(1.8)
All Other appropriation items	(0.8)	(2.8)	(3.6)	(2.8)	(2.8)	(9.1)
Transfer to Game & Parks – Improve/Maint Fund	0.0	(15.0)	(15.0)	0.0	0.0	(15.0)
Transfer to Job Training Cash Fund	0.0	(10.0)	(10.0)	0.0	0.0	(10.0)
Transfer to Water Sustainability Fund	0.0	(21.0)	(21.0)	(11.0)	(11.0)	(43.0)
Transfer to Property Tax Credit Cash fund	0.0	(25.0)	(25.0)	(25.0)	(25.0)	(75.0)
Transfer: Cash Reserve Fund to General Fund	0.0	50.5	50.5	0.0	0.0	50.5
Revenue Forecasts (revised Oct 2013)	36.0	63.0	99.0	37.0	0.0	136.0
"Above certified" FY14 forecast to CRF	0.0	(36.0)	(36.0)	0.0	0.0	(36.0)
Change in Minimum Reserve	0.0	(0.7)	(0.7)	0.0	0.6	(0.1)
Committee Budget to the Floor			91.5			124.7
Select File amendments	0.0	(0.1)	(0.1)	0.0	0.0	(0.1)
Vetoed-Mainline bills	7.7	17.2	24.9	17.2	17.2	59.4
Veto overrides-Mainline bills	(7.7)	(17.2)	(24.9)	(17.1)	(17.1)	(59.2)
Change in state claims	(0.3)	0.0	(0.3)	0.0	0.0	(0.3)
Revenue bills enacted (includes transfers)	1.1	(24.8)	(23.7)	(46.7)	(63.0)	(133.4)
A Bills enacted	(3.2)	(62.8)	(65.9)	(44.0)	(54.0)	(164.0)
Change in Minimum Reserve	0.0	0.8	0.7	0.0	2.1	2.9
Sine Die 2014 Session (April 17, 2014)			2.2			(170.1)

Cash Reserve Fund

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

The 2014 budget actions related to the Cash Reserve Fund followed the concepts that (1) at this time a significant balance should be retained in the Cash Reserve Fund in light of the cyclical nature of variances from forecast and the dollar level of those variances cumulative over several years, and (2) any use of the Cash Reserve Fund should be for one-time items to match the one-time nature of the financing source. The projected unobligated ending balance at the end of the current FY14/FY15 biennium based on current forecasts and 2014 session actions is \$693.1 million

Table 1 Cash Reserve Fund

	Actual FY2012-13	Estimated FY2013-14	Estimated FY2014-15	Estimated FY2015-16	Estimated FY2016-17
Beginning Balance	428,878,372	384,121,401	675,798,552	693,111,552	693,111,552
Excess of certified forecasts	104,789,781	285,292,610	82,313,000	0	0
To Gen Fund per current law	(78,000,000)	53,000,000	0	0	0
To Nebr Capital Construction Fund (NCCF)	(80,000,000)	(43,015,459)	0	0	0
To Affordable Housing Trust fund	(1,000,000)	0	0	0	0
Repayment of Water Contingency transfer	4,991,572	0	0	0	0
EPIC cash flow transfers (LB379-2011)	4,461,676	0	0	0	0
2014 – Transfer to General Fund	0	(3,600,000)	(50,500,000)	0	0
2014 – Transfer to NCCF	0	0	(14,500,000)	0	0
Ending Balance	384,121,401	675,798,552	693,111,552	693,111,552	693,111,552

The relatively high balance in the Cash Reserve Fund (CRF) raises the question; is this balance too high? Should the balance be reduced and if so in what manner and by how much? To try and address the issue of what the balance should be, we first look at what is the purpose of the Cash Reserve Fund. The major purpose of the fund is to provide protection against forecast errors. Monies are accumulated in the CRF when receipts exceed certified forecast levels and are then available to offset instances when receipts are below forecasts.

The level of "protection" or in other words the level of funds to retain in the Cash Reserve fund, can be derived by looking at historical variances derived by comparing forecasts at Sine Die of the legislative session when the budget was enacted and actual receipts which are known anywhere from 13 to 15 months later (see Appendix D). Over the 27 year period the average negative variance is -4.4% clustered in groups of 3 to 4 years. For simplicity, using a 4% negative variance clustered for four consecutive years would require a balance equal to about 16% of annual net

receipts. Applied to the four years of the current “savings” cycle that began in FY11 yields a dollar balance of \$643 million based on projected revenue in FY13-14. Applied to the average forecast from FY15 to FY17 the target balance would be \$702 million.

Another factor to keep in mind is the need for supplemental funds during a budget down period. One recent illustration is the latest budget shortfall which occurred during the 2008 through -2011 legislative sessions. During that time a total of \$986 million of one-time funds were utilized to balance the budget in addition to the various budget cuts that were made. The largest amount of these one-time funds, \$653.8 million, came from the federal government through several ARRA programs (FMAP, General and Education stabilization) followed by Cash Reserve Fund transfers (\$259 million) and extraordinary cash fund lapses (\$73.2 million). While this was a time of unprecedented revenue declines, it illustrates the cumulative impact of multiple year shortfalls.

2014 Session Transfers

The Legislature utilized \$68.6 million from the Cash Reserve Fund in the 2014 session, all for one-time items. The first is a \$50.5 million transfer to the General Fund in LB130 to cover a series of one-time items as shown below. The second, also in LB130, is a \$14.5 million transfer to the Nebraska Capital Construction Fund (NCCF) to cover the first three years of the State Capitol HVAC replacement project and installation of four courtyard fountains in the State Capitol. The third is \$3.6 million transfer to the General Fund in LB1016 to replace a state airplane. This last transfer, and subsequent General Fund appropriation, was in FY2013-14.

<u>Related Item</u>	<u>\$ Amount</u>	<u>Transfer</u>
DCS- temporary housing, county jails	4,950,229	
Natural Resources-Resources Development Fund	10,492,793	
Water Sustainability Fund-(one-time portion)	10,000,000	
Game & Parks Improvement and Maintenance Fund	15,000,000	
Job Training Cash Fund	10,000,000	
LB1016 Replace state airplane	3,600,000	
<i>Subtotal: Transfer to General Fund</i>	54,043,022	54,100,000
DAS-State Capitol HVAC system replacement	11,701,900	
DAS-State Capitol courtyard fountains	2,500,000	
<i>Subtotal: Transfer to NCCF</i>	14,201,900	14,500,000
Total Transfers from the Cash Reserve Fund	68,244,922	68.600,000

Excess of Certified Forecasts

Shown on line 3 of the Financial Status, revenues in excess of "certified" forecasts are required by statute to be transferred from the General Fund to the Cash Reserve Fund. These would take place in July of the fiscal year following completion of that year. The \$104,789,781 transfer in FY13 reflects the amount the FY2011-12 actual receipts were above certified. The \$285,292,610 million in FY2013-14 reflects the amount that the FY2012-13 exceeded the July certified level of which it is estimated that \$125 million of non-recurring tax on capital gains was collected during final payments in the spring of 2013.

The \$82,313,000 million in FY2014-15 reflects the amount that the current revenue forecast (\$4,103,000,000) exceeds the July certified level (\$4,020,687,000). The certified forecast is the estimate at Sine Die 2013 when the FY2013-14 budget was enacted. Note that these amounts

are included in the \$693 million estimated unobligated fund balance but are not yet “cash in the bank”.

Transfers-To & From General Fund – Prior Law

Unlike the automatic transfers that occur after the close of the fiscal year and are statutorily required, other transfers can take place as specifically enacted by the Legislature. Transfers in FY2012-13 under existing law include LB 379-2011 (\$68,000,000) and LB131-2012 (\$10,000,000) to assist in balancing the budgets in those respective sessions. In the 2013 session, a \$53 million transfer from the General Fund to the Cash Reserve Fund was enacted in LB199. This transfer was the amount of the increased April 2013 revenue forecasts for FY13-14 and FY14-15 and was proposed by the Appropriations Committee after the Forecast Board meeting.

<u>Transfers to/from the General Fund</u>	<u>FY2012-13</u>	<u>FY2013-14</u>
To General Fund, LB 379-2011	(68,000,000)	0
To General Fund, LB131-2012	(10,000,000)	0
From General Fund, LB199-2013	0	53,000,000
Net Transfers to/From General Fund	(78,000,000)	53,000,000

Transfers To & From Other Funds – Prior Law

In the 2008 session, LB1094 provided for a \$9 million transfer to the Water Contingency Cash Fund for the purpose of paying water right holders who agreed to lease and forgo water use to assist in the management, protection and conservation of the water resources of river basins, but remain unpaid due to litigation. Repayment by the NRD receiving said funds is required once the litigation is resolved no later than FY2012-13. The amount used was \$8.5 million and is being repaid over two years, \$3.6 million in FY12 and \$4.99 million in FY13.

Also LB379-2011 allowed transfers to be made to the Ethanol Production Incentive (EPIC) Fund for cash flow purposes. A total of \$4,461,676 was borrowed in FY2011-12 with repayment shown in FY2012-13.

In the 2012 session there were two transfers made to other funds. The first is a \$1 million transfer to the Affordable Housing Trust Fund which followed from notice of an amount to be credited from the National Mortgage Settlement. The second is an \$80 million transfer to the Nebraska Capital Construction Fund (NCCF) for five different capital construction projects: State Colleges - Chadron Armstrong Gym (\$6,700,000), State Colleges - Peru Oak Bowl improvements (\$7,500,000), University of Nebraska - UNK Allied Health (\$15,000,000). University of Nebraska - UNMC Cancer Research tower (\$50,000,000) and DAS-Centennial Mall project (\$800,000).

In the 2013 session, \$43 million was scheduled to be transferred from the Cash Reserve Fund to the Nebraska Capital Construction Fund in FY13-14 for construction of a new Central Nebraska Veterans Home to replace the existing facilities.

Table 2 Cash Reserve Fund – Historical Balances

Fiscal Yr	Beginning Balance	Direct Deposit and Interest	Automatic Transfers	Legislative Transfers	Cash Flow	Ending Balance	Balance as % of revenues
FY1983-84	0	37,046,760	na	0	0	37,046,760	4.7%
FY1984-85	37,046,760	(1,472,551)	na	0	0	35,574,209	4.5%
FY1985-86	35,574,209	227,855	na	(13,500,000)	0	22,302,064	2.7%
FY1986-87	22,302,064	1,428,021	na	0	0	23,730,085	2.7%
FY1987-88	23,730,085	1,654,844	na	(7,700,000)	0	17,684,929	1.7%
FY1988-89	17,684,929	139,000	na	32,600,000	0	50,423,929	4.4%
FY1989-90	50,423,929	113,114	na	(10,500,000)	0	40,037,043	3.5%
FY1990-91	40,037,043	0	na	(8,100,000)	0	31,937,043	2.3%
FY1991-92	31,937,043	0	na	(5,000,000)	0	26,937,043	1.8%
FY1992-93	26,937,043	0	na	(9,500,000)	0	17,437,043	1.1%
FY1993-94	17,437,043	0	3,063,462	7,250,000	0	27,750,505	1.7%
FY1994-95	27,750,505	0	(8,518,701)	1,250,000	0	20,481,804	1.2%
FY1995-96	20,481,804	0	(20,481,804)	18,189,565	0	18,189,565	1.0%
FY1996-97	18,189,565	0	19,740,786	3,032,333	0	40,962,684	2.0%
FY1997-98	40,962,684	0	91,621,018	0	0	132,583,702	6.3%
FY1998-99	132,583,702	0	111,616,422	(98,500,000)	0	145,700,124	6.9%
FY1999-00	145,700,124	0	20,959,305	(24,500,000)	0	142,159,429	5.9%
FY2000-01	142,159,429	0	77,576,670	(49,500,000)	0	170,236,099	6.9%
FY2001-02	170,236,099	0	0	(60,170,000)	0	110,066,099	4.7%
FY2002-03	110,066,099	66,476,446	0	(87,400,000)	(30,000,000)	59,142,545	2.4%
FY2003-04	59,142,545	59,463,461	0	(61,577,669)	30,000,000	87,028,337	3.2%
FY2004-05	87,028,337	8,170,556	108,727,007	(26,758,180)	0	177,167,720	5.8%
FY2005-06	177,167,720	0	261,715,297	(165,266,227)	0	273,616,790	8.2%
FY2006-07	273,616,790	0	259,929,524	(17,458,523)	0	516,087,791	15.1%
FY2007-08	516,087,791	0	191,436,773	(161,978,767)	0	545,545,797	15.6%
FY2008-09	545,545,797	0	116,976,571	(84,330,505)	0	578,191,863	17.2%
FY2009-10	578,191,863	0	0	(110,990,237)	0	467,201,626	14.6%
FY2010-11	467,201,626	0	0	(154,000,000)	0	313,201,626	8.9%
FY2011-12	313,201,626	8,422,528	145,155,092	(33,439,198)	(4,461,676)	428,878,372	11.6%
FY2012-13	428,878,372	0	104,789,781	(154,008,428)	4,461,676	384,121,401	9.5%
FY2013-14 est	384,121,401	0	285,292,610	6,384,541	0	675,798,552	16.5%
FY2014-15 est	679,398,552	0	82,313,000	(65,000,000)	0	693,111,552	16.4%
FY2015-16 est	696,711,552	0	0	0	0	693,111,552	15.9%
FY2016-17 est	696,711,552	0	0	0	0	693,111,552	15.2%

Assumptions-Following Biennium

Revenues

The NEFAB does not make official forecasts for the following biennium or what's commonly referred to as the "out years". Although different methodologies could be utilized, the revenue estimates used for the following biennium (FY15-16 and FY16-17) in the current financial status are prepared by the Legislative Fiscal Office (LFO) using the "capped" historical average methodology. This "smoothing" technique derives a revenue growth for the "out years" by calculating the level of revenues that would yield a five year average growth (FY12 to FY17) roughly equal to the historical average from FY81 to FY13 (5.1%). Inherent in this methodology is the concept that within any five-year period, below average revenue growth in some years will be offset by above average growth in others and is visually seen in the line graph of historical adjusted revenue growth. Under this method, growth for the two years would average 4.6%.

Spending

For the "following biennium" (FY15-16 and FY16-17), the mainline budget numbers reflect the annualized impact of the current budget actions plus an estimate of future year increases in entitlement programs, salary and health insurance increases, and other funding requirements that are normally not optional. While the actual funding needs in these areas will not be known until the biennial budget process starts again next session, some level of funding for these items must be acknowledged and shown as likely funding commitments for planning purposes. Table 3 shows the individual items and assumption used in arriving at a projected budget.

Table 3 Projected Budget Increases-Following Biennium
(includes on-going impact of 2014 budget actions)

<i>Dollar Changes from FY15 Base Year</i>	Annual % Change			Projected Increases	
	FY16	FY17	2 Yr Avg	FY2015-16	FY2016-17
FY2014-15 Base Appropriation				4,040,892,665	4,040,892,665
Aid to K-12 Schools (TEEOSA GF only)	6.4%	4.4%	5.4%	58,217,975	100,718,532
Special Education	2.5%	2.5%	2.5%	5,344,199	10,822,003
Early Childhood program		One-time FY15		(3,415,000)	(3,415,000)
Community Colleges	3.5%	3.5%	3.5%	3,287,488	6,690,038
Community based Juvenile Services aid	4.8%	3.2%	4.0%	2,000,000	5,000,000
Homestead Exemption	4.8%	3.2%	4.0%	3,500,000	5,957,410
Resources Development Fund		-- One-time FY15		(10,492,793)	(10,492,793)
Aid to ESU's	2.5%	2.5%	2.5%	351,294	711,370
Medicaid	9.2%	8.2%	8.7%	71,698,971	141,062,350
Public Assistance	6.4%	5.9%	6.1%	7,010,144	13,890,482
Childrens Health Insurance (CHIP)	-40.3%	-24.3%	-32.3%	(11,111,575)	(15,105,416)
Child Welfare Aid	6.4%	5.9%	6.1%	4,527,019	8,818,398
Developmental Disability aid	4.2%	3.7%	3.9%	5,700,551	10,952,480
Behavioral Health aid	-4.9%	-5.3%	-5.1%	(3,279,674)	(6,657,737)
Employee Salaries	2.5%	2.5%	2.5%	25,679,265	52,000,513
Employee Health Insurance	10.0%	10.0%	10.0%	15,228,217	31,979,256
Operations increase	2.0%	2.0%	2.0%	5,730,464	11,575,538

(Continued)	Annual % Change			Projected Increases	
	FY16	FY17	2 Yr Avg	FY2015-16	FY2016-17
Inmate per diem costs	2.8%	2.8%	2.8%	1,367,115	2,775,244
ACA implementation (operations)	--	--	--	2,312,500	0
Juvenile Services reform (LB985-2012, LB561-2013)	3.3%	3.0%	3.2%	703,176	1,427,447
Juveniles, court jurisdiction (LB 464-2014)	--	--	--	2,970,373	12,071,602
Corrections, temporary housing, county jails	--	--	--	(4,226,625)	(4,226,625)
University, one-time pediatric cancer research (LB 764)	--	--	--	(1,800,000)	(1,800,000)
Retirement (defined benefit plans)	--	--	calculated	0	0
Construction	--	--	reaffirm only	3,184,556	(4,698,444)
All Other	--	--	--	111,445	272,570
Total General Fund Increases (Biennial Basis)	4.5%	4.3%	4.5%	184,599,087	370,329,217
Projected Appropriation per Financial Status				4,290,424,617	4,476,154,747

About 38% of the projected increase is in Medicaid with an average growth of 8.7% per year. This reflects projected growth of 4.5% per year for population, client eligibility and utilization and 3% per year for provider rates. Also included in this number are annualized impacts of the Affordable Care Act (ACA) as it phases in to full implementation.

Another 29% of the total projected budget increase in the next biennium is TEEOSA school aid as projected under the current statute. General Funds for TEEOSA school aid is projected to increase by 6.4% in FY16 and 4.4% in FY17.

The large decline in the Children's Health Insurance program is the result of an expanded federal match rate from the Affordable Care Act, 68% to 91%.for FFY2015 to FFY2019.

The reductions shown for Early Childhood programs and the Resources Development Fund relate to deleting one-time funding contained in the FY15 base budget.

Aid to Local Governments

State Aid to Schools (TEEOSA): The estimates for FY16 and FY17 are based on the same methodology utilized for the November 15 estimates required under current law for the proposed biennial budget but with Fiscal Office assumptions and should be considered Fiscal Office estimates. They are based on the statutory changes made in LB407 as enacted in the 2013 session and LB725 enacted in the 2014 session. The estimates reflect a growth in overall school aid of 6.4% in FY16 and 4.4% in FY17.

Special Education: Increases for FY15-16 and FY16-17 reflect a 2.5% per year increase, equal to the basic allowable growth rate under the K-12 school spending limitation and TEEOSA calculations. Statute provides for a 10% cap on increases in Special Education reimbursement starting in FY14-15 as amended by LB974-2014. The previous cap was 5%.

Early Childhood Programs: 2014 session budget adjustments included an additional \$3,415,000 of general funds in FY 2014-15 as aid for the early childhood education grant program. The aid was provided to the State Department of Education on a one-time basis to provide grants for early childhood programs over a three year period, from FY2014-15 through

FY2016-17. The projected budget removes this one-time funding from the base budget and provides no other inflationary increases.

Aid to Community Colleges: A 3.5% per year annual increase is included for the following biennium budget reflecting increased state aid to support operations budget increases. This increase amounts to about a \$3.3 million per year increase.

Community Based Juvenile Services aid: LB561 enacted in the 2013 session, expanded the Nebraska Juvenile Service Delivery Project statewide in a three step, phase-in process beginning July 1, 2013 with full implementation by July 1, 2014. Under the bill the previously existing County Juvenile Services Aid Program is renamed the Community-based Juvenile Services Aid Program, and funding was increased by \$1,522,425 in FY14 and \$3,522,425 in FY15 to bring the total amount of aid funding for this program to \$3,000,000 in FY14 and \$5,000,000 in FY15. During floor debate on the bill, it was further stated that it was intended that funding for this program increase to \$7.0 million in FY16 and then \$10 million in FY17.

Homestead Exemption: This program is projected to increase by 4.8% in FY16 and 3.2% in FY17. This includes a 3% per year annual increase reflecting some level of inflationary increases plus annualizing the impact of two bills enacted in the 2014 session which made changes to income level eligibilities.

Aid to ESU's: The amount of aid to ESU's is based on funding of a certain level of core services and technology infrastructure. Growth in aid is set at the same rate as the basic allowable growth rate under the K-12 school spending limitation (2.5% per year).

Aid to Individuals

Medicaid: For the following biennium, the average growth is 8.7% per year. This reflects projected growth of 4.5% per year for population client eligibility and utilization and 3% per year for provider rates. Also included in this number are annualized impacts of the Affordable Care Act (ACA) as it phases in to full implementation.

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

Children's Health Insurance (CHIP): For the following biennium, a 7.5% per year increase is used which is the same as Medicaid. However the large decline is then the result of an expanded federal match rate (23%) from the Affordable Care Act. For FFY2015 to FFY2019 the federal match rate for SCHIP increases from an estimated 68% to 91%.

Developmental Disability Aid: A 4% per year increase is included. This provides the equivalent of 2.5% per year for rate equity similar to the employee salary assumption and 1.5% for clients transitioning from K-12 programs. As this projected budget assumes no expanded programs, nothing is assumed for funding of the waiting list.

Behavioral Health Aid: This area includes substance abuse and mental health aid. The increases in the following biennium reflect a 3% increase to reflect some annual increase in provider rates. Savings related to insurance coverage for behavioral health under the Affordable Care Act (ACA) go from \$5 million in FY2014-15 to \$10 million in both FY16 and FY17. Originally a \$15 million savings was factored into FY2014-15 but \$10 million was shifted back from the ACA contingency in the 2014 session.

ACA Contingency: The FY14-15 budget included a \$10,000,000 contingency appropriation if budgeted savings in the behavioral health program did not occur as planned. The amount allocated to the ACA Contingency program stays at \$10,000,000 in FY16 and then declines to \$5,000,000 in FY17 and then zero in FY18.

Agency Operations / Construction

Employee Salary Increases: Although salary increases will be the result of bargaining, some level of increase is factored in more for illustration than planning purposes. A 2.5% per year increase is included which approximates inflation and the current biennium funding.

Employee Health Insurance: For planning purposes, a 10% per year increase in health insurance is included for the following biennium. Because rates have been flat for the past several years due to coverage and program changes and drawing down fund balances, this higher growth is utilized to anticipate a potential hike in rates.

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

Inmate Per Diem Costs: While some costs at the Dept of Correctional Services such as staffing are "fixed" within a range of inmate population, some costs change directly with each inmate. This includes items such as food, clothing, and medical care. A 3% per year increase is included to reflect both inflationary costs and an increase in the number of inmates.

Defined Benefit Retirement Plans: The budget incorporated the changes enacted through LB553 (2013) and assume no change in state funding from the level established in FY14.

Juvenile Services Reform: LB561 passed in the 2013 session made many significant changes in the juvenile justice system. The bill expands the Nebraska Juvenile Service Delivery Project statewide in a three-phase process with the transfer of such funds to take place on July 1, 2013, January 1, 2014, and July 1, 2014. After July 1, 2013, the Office of Juvenile Services within the DHHS will only have responsibility for the Youth Rehabilitation Centers at Kearney and Geneva. The shift of funding includes about \$23 million that had previously been budgeted under child welfare aid. For purposes here, a 3% per year increase is included in operations for those amounts that had previously been included under child welfare aid.

Juvenile Court Jurisdiction: LB464 passed in the 2014 session changed court jurisdiction over juveniles and indictment procedures and changes provisions regarding the exclusive original jurisdiction of the Juvenile Court for juveniles age 16 and 17. The bill phases-in this jurisdiction change (age 16 on January 1, 2015 and age 17 on January 1, 2017) and associated costs for additional probation officers and other probation staff, treatment for juveniles, pre-adjudication out-of-home placements, and pre-adjudicated evaluations. General Fund costs for this bill go from \$5.4 million in FY14-15 to \$8.6 million in FY15-16 and \$16.2 million in FY16-17.

Capital Construction: General Fund dollars included in the projected budget for the following biennium for capital construction reflect reaffirmations only based on projects funding in the FY14/FY15 biennial budget. These are dollar amounts needed to complete funding of previously approved projects.

General Fund Revenues

General Fund Revenue Forecasts

Revenue estimates for FY2013-14 and FY2014-15 are the February 2014 forecasts from the Nebraska Economic Forecast Advisory Board (NEFAB). These forecasts yield a projected adjusted revenue growth of 4.3% in FY13-14 and 4.5% in FY14-15, an average growth of 4.4%. While this two year growth is below the 5% historical average, the average growth for the prior three years (FY11, FY12 and FY13) was 7.2%. The projected numbers for FY2013-14 and FY2014-15 also reflect implementation of LB84 (2011) which diverts the equivalent of ¼% sales tax to highway funding (approximately \$70 million per year). This did not impact the calculated revenue growth in the “out years” as the growth calculations are all rate and base adjusted.

The NEFAB does not make official forecasts for the following biennium or what’s commonly referred to as the “out years”. Although different methodologies could be utilized, revenue estimates used for the following biennium (FY15-16 and FY16-17) in the current financial status are prepared by the Legislative Fiscal Office (LFO) using a “capped” historical average methodology. This “smoothing” technique derives a revenue growth for the “out years” by calculating the level of revenues that would yield a five year average growth (FY12 to FY17) roughly equal to the historical average from FY81 to FY13 (5.1%). Inherent in this methodology is the concept that within any five-year period, below average revenue growth in some years will be offset by above average growth in others and is visually seen in the line graph of historical adjusted revenue growth. Under this method, growth for the two years would average 4.6%.

Table 4 - General Fund Revenue Forecasts

<i>Revenue Estimates Used in Financial Status</i>	Actual FY2012-13	NEFAB FY2013-14	NEFAB FY2014-15	LFO Prelim FY2015-16	LFO Prelim FY2016-17
Actual/Forecast					
Sales and Use Tax	1,474,942,641	1,510,000,000	1,560,000,000	1,607,000,000	1,692,000,000
Individual Income Tax	2,101,912,041	2,115,000,000	2,216,000,000	2,343,000,000	2,476,000,000
Corporate Income Tax	275,562,990	265,000,000	263,000,000	278,000,000	296,000,000
Miscellaneous receipts	199,940,938	213,000,000	199,000,000	176,000,000	164,000,000
Subtotal – Forecast/Actual	4,052,358,610	4,103,000,000	4,238,000,000	4,404,000,000	4,628,000,000
2014 Transfers-In	na	0	6,800,000	0	0
2014 Revenue Bills enacted	na	(2,475,000)	(24,299,563)	(46,687,606)	(63,003,103)
Total Gen Fund Revenues	4,052,358,610	4,100,525,000	4,220,500,437	4,357,312,394	4,564,996,897
Adjusted Growth					
Total Gen Fund Revenues	6.7%	4.3%	4.5%	4.6%	4.6%
Five Yr Average	--	--	--	--	5.1%

Other “Out Year” Forecasts

As noted above, other alternative methods are available for purposes of deriving revenue estimates for the following biennium. In addition to the historical average methodology used in the financial status, both the Nebraska Department of Revenue (NDR) and Legislative Fiscal Office (LFO) have calculated revenue estimates for these two “out years” using the same models and input from Global Insight and Moody’s, the national forecasting services used as input into the tax forecast models. While these forecasts work well for the 1 to 3 year forecasts, when extended

further they have a tendency to flatten out and follow the 3 year trend into the 4th and 5th year. In other words, they have difficulty picking up changes in the trend. The historical average methodology, the method used since 1991 and used in the current financial status, utilizes a “smoothing” technique which derives a revenue growth for the “out years” by calculating the level of revenues that would yield a five year average growth (FY09 to FY13) roughly equal to the historical average from FY81 to FY11 (currently 5.0%).

As shown in Table 5, the preliminary estimates for the two “out years” arrived at using the historical average concept (as used in the Financial Status), are very similar to the Global Insight model averages although there is significant difference between the NDR and LFO Global Insight generated estimates. Forecasts using Moody’s are significantly higher in both cases compared to the historical average method or Global Insight. Except for the LFO Global Insight number, the historical average methodology is now on the relatively low side of the forecast range.

Table 5 - Comparison of "Out Year" Forecasts

Based on Feb 2014 Revenue Forecasts	Current Status	Average Global Insight	Average All Forecasts	High Est NDR-Moodys	Low Est LFO Global
<u>Dollar Forecast (thousands)</u>					
FY2015-16 Prelim	4,404,000	4,406,230	4,461,410	4,582,893	4,317,584
FY2016-17 Prelim	4,628,000	4,650,373	4,720,622	4,883,359	4,523,095
<u>Calculated Growth (adjusted)</u>					
FY2015-16 Prelim	4.6%	4.7%	5.9%	8.4%	2.8%
FY2016-17 Prelim	4.6%	5.0%	5.3%	6.0%	4.3%
Two Year Avg (Prelim)	4.6%	4.9%	5.6%	7.2%	3.6%
Five Year Avg	5.0%	5.0%	5.3%	6.0%	4.5%
<u>\$ Difference from Status</u>					
FY2015-16	0	2,230	57,410	178,893	(86,416)
FY2016-17	0	22,373	92,622	255,359	(104,905)
Cumulative Total	0	24,603	150,032	434,252	(191,321)

Chronology of Revenue Forecasts

Table 6 provides a chronology of revenue forecasts for FY2012-13, FY2013-14 and FY2014-15 since the initial NEFAB forecast in October 2010 (FY12-13) and October 2012 (FY13-14 and FY14-15).

The table shows the actual forecast and the change from the prior forecast broken down by the cause of the change whether it is bills enacted, federal tax law changes, or revised economic assumptions (“base”)

Table 6 – Chronology of General Fund Revenue Forecasts

FY2012-13									
Board Est-October 2010	1,460,000	1,750,000	210,000	170,000	3,590,000				
Board Est-Feb 2011	1,485,000	1,770,000	200,000	165,000	3,620,000	68,132	(38,132)	0	30,000
Board Est-April 2011	1,480,000	1,840,000	205,000	155,000	3,680,000	60,000	0	0	60,000
Sine Die-2011 Session	1,479,967	1,840,200	205,000	193,454	3,718,621	0	0	38,621	38,621
Board Est-October 2011	1,485,000	1,870,000	230,000	195,000	3,780,000	61,379	0	0	61,379
Board Est-February 2012	1,485,000	1,870,000	230,000	195,000	3,780,000	0	0	0	0
Sine Die-2012 Session	1,479,906	1,862,137	230,000	195,023	3,767,066	0	0	(12,934)	(12,934)
Board Est-October 2012	1,480,000	1,915,000	240,000	190,000	3,825,000	57,934	0	0	57,934
Board Est-February 2013	1,475,000	1,955,000	260,000	188,000	3,878,000	42,566	10,434	0	53,000
Board Est-April 2013	1,475,000	2,080,000	260,000	185,000	4,000,000	(3,000)	125,000	0	122,000
Sine Die-2013 Session	1,475,000	2,080,000	260,000	185,000	4,000,000	0	0	0	0
Actual Receipts FY2012-13	1,474,943	2,101,912	275,563	199,941	4,052,359	52,359	0	0	52,359
Change: First NEFAB to Actual	14,943	351,912	65,563	29,941	462,359	339,370	97,302	25,686	462,359
FY2013-14									
Board Est-October 2012	1,490,000	2,010,000	255,000	167,000	3,922,000				
Board Est-February 2013	1,490,000	2,040,000	265,000	167,000	3,962,000	14,522	25,478	0	40,000
Board Est-April 2013	1,500,000	2,040,000	265,000	179,000	3,984,000	22,000	0	0	22,000
Sine Die-2013 Session	1,499,996	2,039,395	265,000	216,296	4,020,687	0	0	36,687	36,687
Board Est-October 2013	1,510,000	2,085,000	255,000	217,000	4,067,000	46,313	0	0	46,313
Board Est-February 2014	1,510,000	2,115,000	265,000	213,000	4,103,000	36,000	0	0	36,000
Sine Die-2014 Session	1,508,903	2,115,000	265,000	211,622	4,100,525	0	0	(2,475)	(2,475)
Change: First NEFAB to Current	18,903	105,000	10,000	44,622	178,525	118,835	25,478	34,212	178,525
FY2014-15									
Board Est-October 2012	1,550,000	2,095,000	270,000	165,000	4,080,000				
Board Est-February 2013	1,547,000	2,120,000	280,000	160,000	4,107,000	289	26,711	0	27,000
Board Est-April 2013	1,560,000	2,120,000	285,000	173,000	4,138,000	31,000	0	0	31,000
Sine Die-2013 Session	1,552,513	2,109,989	285,000	209,827	4,157,329	0	0	19,329	19,329
Board Est-October 2013	1,560,000	2,152,000	263,000	200,000	4,175,000	17,671	0	0	17,671
Board Est-February 2014	1,560,000	2,216,000	263,000	199,000	4,238,000	63,000	0	0	63,000
Sine Die-2014 Session	1,545,262	2,207,703	263,000	204,485	4,220,450	0	0	(17,550)	(17,550)
Change: First NEFAB to Current	(4,738)	112,703	(7,000)	39,485	140,450	111,960	26,711	1,779	140,450

Historical General Fund Revenues

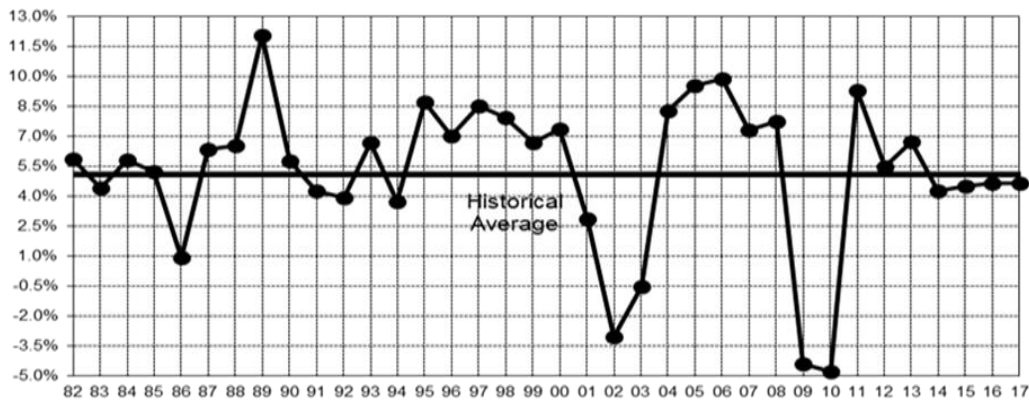
The table below shows the historical General Fund receipts since FY1984-85 and the adjusted revenue growth. For purposes here, revenue growth means the growth in revenues caused by economic activity and inflation as arrived at by adjusting for items such as tax base and rate changes, legislation enacted, and one-time extraordinary items. The objective is to measure underlying patterns of revenue growth ignoring such changes.

The average growth for the past five years of actual receipts (FY2008-09 to FY2012-13) is 2.5% per year, well below the 30-year historical average of 5.0%. This five year period was hugely variable with two years averaging minus -4.6% and three years averaging a positive 7.2%.

Table 7 –Historical General Fund Revenues

Fiscal Year	Sales and Use Tax	Individual Income Tax	Corporate Income Tax	Miscellaneous Taxes and Fees	Total Net Receipts	Adjusted Growth
FY 1984-85	300,534,120	324,585,970	48,959,234	109,271,881	783,351,205	5.2%
FY 1985-86	310,390,975	357,181,477	54,558,727	112,104,988	834,236,167	0.9%
FY 1986-87	345,158,484	365,762,015	67,423,552	108,010,490	886,354,541	6.3%
FY 1987-88	393,148,700	437,741,927	73,781,732	111,426,183	1,016,098,542	6.5%
FY 1988-89	430,078,299	479,731,816	80,624,142	143,012,760	1,133,447,017	12.1%
FY 1989-90	444,231,183	501,134,237	71,948,124	135,396,459	1,152,710,003	5.8%
FY 1990-91	547,372,735	609,430,580	81,947,961	128,325,622	1,367,076,898	4.3%
FY 1991-92	592,441,836	658,634,300	103,617,106	135,716,137	1,490,409,379	3.9%
FY 1992-93	586,355,271	690,350,753	102,754,927	145,200,908	1,524,661,859	6.7%
FY 1993-94	648,846,708	722,360,866	113,142,771	169,401,912	1,653,752,257	3.7%
FY 1994-95	683,852,397	746,717,579	123,923,674	150,995,891	1,705,489,541	8.7%
FY 1995-96	711,008,684	846,550,249	126,801,468	152,380,385	1,836,740,786	7.0%
FY 1996-97	755,907,807	944,117,130	137,337,967	172,241,113	2,009,604,017	8.5%
FY 1997-98	803,805,374	981,643,795	142,150,133	177,852,119	2,105,451,422	8.0%
FY 1998-99	744,650,752	1,078,522,994	135,033,658	165,661,901	2,123,869,305	6.7%
FY 1999-00	900,427,469	1,180,363,301	140,021,942	183,111,959	2,403,924,670	7.4%
FY 2000-01	905,023,176	1,233,363,553	138,040,082	180,435,044	2,456,861,855	2.9%
FY 2001-02	918,889,782	1,159,810,647	107,628,074	179,180,246	2,365,508,749	-3.0%
FY 2002-03	1,028,931,065	1,129,421,651	111,597,405	186,449,714	2,456,399,835	-0.5%
FY 2003-04	1,114,374,321	1,249,890,025	167,429,431	187,033,230	2,718,727,007	8.3%
FY 2004-05	1,231,011,089	1,400,076,680	198,380,442	207,726,086	3,037,194,297	9.5%
FY 2005-06	1,263,678,691	1,545,338,061	262,295,456	280,875,316	3,352,187,524	9.9%
FY 2006-07	1,303,826,416	1,650,895,394	213,027,010	240,582,953	3,408,331,773	7.3%
FY 2007-08	1,321,867,139	1,726,145,405	232,851,654	225,298,373	3,506,162,571	7.7%
FY 2008-09	1,326,161,017	1,600,418,236	198,483,786	232,405,148	3,357,468,187	-4.4%
FY 2009-10	1,289,796,877	1,514,830,114	154,332,137	245,720,545	3,204,679,673	-4.8%
FY 2010-11	1,372,784,033	1,735,208,600	154,944,966	236,717,493	3,499,655,092	9.3%
FY 2011-12	1,436,909,373	1,822,884,254	234,266,237	201,828,916	3,695,888,780	5.5%
FY 2012-13	1,474,942,641	2,101,912,041	275,562,990	199,940,938	4,052,358,610	6.7%
FY 2013-14 NEFAB*	1,508,903,000	2,115,000,000	265,000,000	211,622,000	4,100,525,000	4.3%
FY 2014-15 NEFAB*	1,545,262,437	2,207,703,000	263,000,000	204,485,000	4,220,450,437	4.5%
FY 2015-16 LFO	1,591,033,394	2,314,912,500	275,498,500	175,868,000	4,357,312,394	4.6%
FY 2016-17 LFO	1,675,684,897	2,433,660,000	291,791,000	163,861,000	4,564,996,897	4.6%

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



General Fund Transfers-Out

General Fund Transfers-Out account for funds that are transferred from the General Fund to another fund within the state treasury. Although these items have the same effect as an appropriation they are not actually expended from the General Fund and therefore are shown under the revenue category as transfers-out from the General Fund. They subsequently are then expended from the receiving fund.

Table 8 General Fund Transfers-Out

Excludes CRF Transfers	Actual	Current Biennial Budget		Following Biennium	
	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17
Property Tax Credit Fund	(110,000,000)	(113,000,000)	(113,000,000)	(113,000,000)	(113,000,000)
Water Resources Cash Fund	(4,700,000)	(3,300,000)	(3,300,000)	(3,300,000)	(3,300,000)
Cultural Preservation Endowment Fund	0	(1,000,000)	(500,000)	(750,000)	(750,000)
Nebraska Capital Construction Fund	0	(4,000,000)	0	0	0
<i>General Fund Transfers-Out (current law)</i>	(114,700,000)	(121,300,000)	(116,800,000)	(117,050,000)	(117,050,000)
Property Tax Credit Fund	0	0	25,000,000	25,000,000	25,000,000
Water Sustainability Fund	0	0	21,000,000	11,000,000	11,000,000
Game & Parks Improvement & Maintenance.	0	0	15,000,000	0	0
Job Training Cash Fund	0	0	10,000,000	0	0
Legal Ed Public Service/Rural Practice Loan	0	0	500,000	0	0
High Growth Business Development Fund	0	0	50,000	0	0
<i>General Fund Transfers-Out -2014 Session</i>	(0)	0	(71,550,000)	(36,000,000)	(36,000,000)
<i>General Fund Transfers-Out</i>	(114,700,000)	(121,300,000)	(188,350,000)	(153,050,000)	(153,050,000)

In the 2014 session, the Legislature enacted a total of \$71.5 million transfers to six different funds. The mainline budget bills included four transfers. A description of these transfers and cash fund appropriations for these items can be found in the section on other fund sources. Property Tax Credit Fund (page 60), Water Sustainability Fund (page 61), Game & Parks Improvement and Maintenance Fund (page 62), and Job Training Fund (page 62). The fifth transfer was \$500,000 to the Legal Education for Public Service and Rural Practice Loan Repayment Fund in LB907A. The substantive bill, LB907, expanded the loan repayment program from just public service to rural legal profession shortage areas. The last transfer, in LB1114, was \$50,000 to the High Growth Business Development Cash Fund for the purpose of conducting a study regarding venture capital best practices.

General Fund Transfers-In

Cash funds are funds which contain earmarked revenue sources and monies in those funds can only be used for the purposes authorized by statute. In many instances (since the 2009 special session) an authorized use of monies in a cash fund is transfers to the General Fund at the discretion of the Legislature. For accounting purposes, these are shown as “Transfers in” and are included as revenues. The transfers shown below were enacted in the 2013 legislative session and are already incorporated into the “Net Receipts” figures of the NEFAB forecasts.

In the 2014 session, the Legislature enacted one transfer in addition to those enacted in the 2013 session. The Governor had recommended the transfer of \$6,800,000 from the Medicaid False Claims Cash Fund to the State General Fund in July 2014 (FY 2014-15). The current balance in the fund is \$11.6 million. The Legislature concurred with this recommendation.

Table 9 General Fund Transfers-In

	Actual	Current Biennial Budget		Following Biennium	
	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17
Securities Act Cash Fund	19,000,000	21,000,000	21,000,000	0	0
Tobacco Products Admin Cash Fund	7,000,000	10,000,000	10,000,000	0	0
Dept of Insurance Cash Fund	6,000,000	6,000,000	6,000,000	0	0
Dept of Motor Vehicles Cash Fund	1,000,000	0	0	0	0
Dept of Motor Vehicles Ignition Interlock	0	200,000	200,000	0	0
Mutual Finance Assistance Fund	300,000	0	0	0	0
Local Civic, Cultural, Convention Fund	75,000	0	0	0	0
<i>Transfers-In Already in forecast</i>	33,375,000	37,200,000	37,200,000	0	0
2014 - Medicaid False Claims Cash Fund	0	0	6,800,000	0	0
<i>Total General Fund Transfers-In</i>	33,375,000	37,200,000	44,000,000	0	0

General Fund Revenue Bills - 2014

There were several significant revenue bills enacted in the 2014 legislative session. Because of operative dates and phased-in implementation, the largest dollar impact of the legislation enacted will not occur until the following biennium. The following table lists the bills enacted followed by a narrative description of the major bills in numerical order.

Table 10 Revenue Bills – 2014 Session

	FY2013-14	FY2014-15	FY2015-16	FY2016-17
LB 96 Sales tax exempt, repair parts, ag machinery	0	(6,759,000)	(9,280,000)	(9,514,000)
LB 191 Nebr Job Creation & Mainstreet Revitalization	0	0	(5,003,000)	(8,418,000)
LB 402 Change, rural community-based (C-BED) projects	0	(1,060,000)	(20,000)	0
LB 814 Sales tax on watercraft / ATV to Game & Parks	0	(3,006,563)	(3,540,606)	(3,540,103)
LB 851 Misc revenue changes, tax filer data contract	0	0	possible gain	possible gain
LB 867 Sales tax exemptions, sports arena throwback	(1,832,000)	(4,137,000)	(3,140,000)	(3,274,000)
LB 987 Index income tax brackets, SS exemption	0	(8,347,000)	(25,586,000)	(38,131,000)
LB 1067 Change refunds, NE Advantage termination date	(643,000)	(1,040,000)	(118,000)	(126,000)
LB 1114 Change termination date, econ develop programs	0	50,000	0	0
Cash Fund Transfer-In (LB 906)	0	6,800,000	0	0
<i>2014 Revenue Bills (to be incorporated into Forecast)</i>	(2,475,000)	(17,499,563)	(46,687,606)	(63,003,103)

LB 96 exempts the sale of repairs and replacement parts for agricultural machinery or equipment used in commercial agriculture from sales and use taxes starting October 1, 2014. Revenue loss by year and fund is estimated as follows:

<u>Fiscal Year:</u>	<u>General Fund:</u>	Highway Capital Improvement Fund (State):	Highway Allocation Fund (Local):	<u>Total:</u>
FY2014-15:	(\$6,759,000)	(\$274,000)	(\$48,000)	(\$ 7,081,000)
FY2015-16:	(\$9,280,000)	(\$376,000)	(\$66,000)	(\$ 9,722,000)
FY2016-17:	(\$9,514,000)	(\$385,000)	(\$68,000)	(\$ 9,967,000)
FY2017-18:	(\$9,719,000)	(\$393,000)	(\$69,000)	(\$10,181,000)

LB 191 creates the Nebraska Job Creation and Mainstreet Revitalization Act. The bill provides for a nonrefundable credit against either the income tax, the insurance premium tax, or the financial institutions franchise tax beginning in the year a historically significant real property is placed in service. The amount of the credit is equal to 20% of eligible expenditures up to a maximum credit of \$1 million. Total allocation of credits is capped at \$15 million per year. If the entire amount (\$15 million) is not allocated in a year, the unallocated amount shall be carried forward to the next year.

The credit may be utilized by any natural person, limited liability company, partnership, private domestic or foreign corporation, a domestic or foreign 501(c)(3) nonprofit corporation or a political subdivision. The entity who receives the original credit may transfer, sell, or assign up to 50% of the credit (100% for a political subdivision or 501(c)(3) entity). Thereafter the credits may be transferred, sold, or assigned multiple times either in whole or in part to any person or legal entity and used against any liability for state income tax,

Historically significant real property is defined as real property used for any purpose, other than an owner-occupied single-family detached residence, that is: (1) Individually listed in the National Register of Historic Places; and (2) located within a district listed in the National Register of Historic Places and is determined to be of historic significance to such district; and (3) is individually designated pursuant to a landmark ordinance adopted by the pertinent political subdivision and approved by the state historic preservation officer; or located within a district designated pursuant to a preservation ordinance by a political subdivision providing for rehabilitation, preservation, or restoration of historically significant real property and approved by the state historic preservation officer.

Revenue loss by year is estimated as follows:

<u>Fiscal Year:</u>	<u>General Fund</u>
FY2014-15:	\$ 0
FY2015-16:	(5,003,000)
FY2016-17:	(8,418,000)
FY2017-18:	(11,168,000)
FY2018-19:	(12,109,000)

LB 814 provides that the sales and use tax proceeds derived from the sale or lease of motorboats, personal watercraft, all-terrain vehicles and utility-type vehicles shall be deposited into the newly created Game and Parks Commission Capital Maintenance Fund and used for the repair/maintenance, etc. of Game and Park’s infrastructure. These sales and use taxes are currently deposited into the General Fund, the State Highway Capital Improvement Fund and the Highway Allocation Fund. The county treasurer will become responsible for collecting the tax on all-terrain and utility-type vehicles when the purchaser makes a title application. The counties are allowed to retain a portion of the proceeds as a collection fee.

LB 814 has a sunset date and is effective for the time period of October 1, 2014 to October 1, 2019. Revenue loss by year and fund is estimated as follows:

Fiscal Year:	General Fund:	Highway Capital Improvement Fund (State):	Highway Allocation Fund (Local):	Total:
FY2014-15	(3,006,563)	(121,822)	(21,498)	(3,149,883)
FY2015-16	(3,540,606)	(143,460)	(25,317)	(3,709,383)
FY2016-17	(3,540,606)	(143,460)	(25,317)	(3,709,383)
FY2016-17	(3,540,606)	(143,460)	(25,317)	(3,709,383)

LB 867 makes a number of changes to the Nebraska Revenue Act of 1967, the Sports Arena Financing Assistance Act, the documentary stamp tax, and sections dealing with natural gas used as a vehicular fuel.

The bill provides that determination, certification and subsequent remittance of monies from Sports Arena Facility Support Fund be done on a quarterly rather than annual basis. While not changing the overall amount owed under the current law, there is a cash flow with General Fund revenue reductions in the first two years.

The bill provides a sales and use tax exemption for purchases by any historic automobile museum of items which are displayed or held for display and are reasonable related to the general purpose of the museum.

The bill changes the definition of “delivery charges” and “sales price” to exclude United States postage charges on direct mail that is separately stated on an invoice, bill of sale, or similar document given to the purchaser. This effectively exempts such charges from sales tax.

The bill exempts currency and bullion from sales tax. “Bullion” is defined as bars, ingots, or commemorative medallions of gold, silver, platinum, or palladium or a combination of those metals, for which the value depends on content and not form. “Currency” is defined as a coin or currency made of gold, silver, or other metal or paper which is or has been used as legal tender. This portion of LB 867 becomes operative on April 1, 2014.

The bill also exempts from the documentary stamp tax deeds transferring property without actual consideration, to a nonprofit organization exempt from federal income tax and that is not a private foundation. The documentary stamp tax rate is \$2.25 per \$1,000 of value and is distributed as

follows: Affordable Housing Trust Fund (\$0.95); county (\$0.50); Behavioral Health Services Fund (\$0.30); Homeless Shelter Assistance Fund (\$0.25) and the Site and Building Fund (\$0.25).

<u>General Fund Revenue Loss</u>	<u>FY2013-14</u>	<u>FY2014-15</u>	<u>FY2015-16</u>	<u>FY2016-17</u>
Sports arena throwback to quarterly basis	(1,378,000)	(1,265,000)	(132,000)	(139,000)
Sales tax exempt - historic automobile museum	0	(96,000)	(98,000)	(100,000)
Sales tax exempt - postage charges on direct mail	(454,000)	(2,312,000)	(2,447,000)	(2,572,000)
Sales tax exempt - currency and bullion from	0	(464,000)	(463,000)	(463,000)
Total General Fund Revenue Loss	(1,832,000)	(4,137,000)	(3,140,000)	(3,274,000)

<u>Documentary Stamp Tax Revenue Loss</u>	<u>FY2013-14</u>	<u>FY2014-15</u>	<u>FY2015-16</u>	<u>FY2016-17</u>
Affordable Housing Trust Fund	0	(\$240,000)	(\$244,000)	(\$249,000)
Homeless Shelter Assistance Fund	0	(63,000)	(64,000)	(66,000)
Behavioral Health Services Fund	0	(76,000)	(77,000)	(79,000)
Site and Building Fund	0	(63,000)	(64,000)	(66,000)
County	0	(126,000)	(129,000)	(131,000)
Total Documentary Stamp Tax Revenue Loss	0	(568,000)	(578,000)	(591,000)

LB 987 makes several reductions dealing with Nebraska income tax. First, beginning with taxable years beginning on or after January 1, 2015, the income brackets will be indexed for inflation. The indexed rate is to be determined by the Tax Commissioner pursuant to section 1(f) of the Internal Revenue Code of 1986, as amended. The indexing is to be done annually. The tax rate is unchanged. Because of the annual indexing, the revenue loss attributed to the continuing higher income brackets compounds over time.

Second, the bill provides for a reduction in federal adjusted gross income (AGI) by the amount received as Social Security benefits which are included in federal AGI for Nebraska income tax purposes. The adjustment applies to those taxpayers with federal AGI of \$58,000 or less for married filing joint returns and \$43,000 or less for all other returns.

And third, beginning with tax year 2015, the bill provides an exclusion from AGI for a portion of military retirement benefits. An individual may make a one-time election, within two years of their separation from military service, to exclude 40% of their military benefit from AGI for seven consecutive taxable years beginning in the year in which the election is made or they may choose to exclude 15% of their military benefit from AGI for all taxable years beginning with the year in which the individual turns age 67.

<u>General Fund Revenue Loss</u>	<u>FY2013-14</u>	<u>FY2014-15</u>	<u>FY2015-16</u>	<u>FY2016-17</u>	<u>FY2017-18</u>
Index income brackets for inflation	0	0	(10,000,000)	(21,000,000)	(33,000,000)
Reduce AGI, Social Security	0	(8,347,000)	(14,930,000)	(16,284,000)	(18,617,000)
Reduce AGI, military retirement	0		(656,000)	(847,000)	(1,050,000)
Total General Fund Revenue Loss	0	(8,347,000)	(25,586,000)	(38,131,000)	(52,667,000)

General Fund Appropriations

Overview of the FY14 & FY15 General Fund Biennial Budget

This section provides a summary of current General Fund appropriations which reflect the cumulative impact of the original budget as enacted in the 2013 Session and changes made during the 2014 Session. Table 12 contains a listing of the FY14 and FY15 significant increases and reductions which account for about 97% of the total net change in General Fund appropriations over the two year period. Table 13 provides a more detailed breakdown of operations and state aid and provides a narrative description of major changes for each area.

This report provides a description of the major changes enacted during the 2014 Session. The reader should refer to the 2013 Biennial Budget Report for a more detailed description of the budget actions taken in the initial enactment of the FY14 / FY15 biennial budget.

Table 11 General Fund Appropriations FY2013-14 and FY2014-15

FY2012-13	Operations	State Aid	Construction	Total
Total Per 2012 Session	1,259,610,962	2,352,040,560	20,772,233	3,632,423,755
2013 Session Deficits	(5,612,847)	(8,310,469)	0	(13,923,316)
2013 Session State Claims	825,270	0	0	825,270
2013 Session "A" bills	1,000,000	0	0	1,000,000
Final Appropriation with deficits	1,255,823,385	2,343,730,091	20,772,233	3,620,325,709
FY2013-14	Operations	State Aid	Construction	Total
Total Per 2013 Session	1,315,231,996	2,497,106,887	25,830,024	3,838,168,907
2014 Session-Committee Proposed	4,183,895	(6,749,578)	490,000	(2,075,683)
2014 Session-State Claims	1,467,753	0	0	1,467,753
2014 Session-Floor Actions	7,400,000	(7,400,000)	0	0
2014 Session-Governor Vetoes	(7,730,467)	0	0	(7,730,467)
2014 Session-Veto Overrides	7,727,467	0	0	7,727,467
2014 Session "A" bills	3,681,544	0	0	3,681,544
2014 Session - Deficits	16,730,192	(14,149,578)	490,000	3,070,614
Final Appropriation with deficits	1,331,962,188	2,482,957,309	26,320,024	3,841,239,521
Change over prior year (excluding deficits)				
Dollar	55,621,034	145,066,327	5,057,791	205,745,152
Percent	4.4%	6.2%	24.3%	5.7%
FY2014-15	Operations	State Aid	Construction	Total
Total Per 2013 Session	1,395,116,374	2,617,466,291	28,310,000	4,040,892,665
2014 Session-Committee Proposed	12,722,518	(11,644,140)	1,024,444	2,102,822
2014 Session-Floor Actions	0	110,322	0	110,322
2014 Session-Mainline Governor Vetoes	(3,020,764)	(14,180,048)	0	(17,200,812)
2014 Session-Mainline Veto Overrides	2,982,428	14,180,048	0	17,162,476
2014 Session "A" bills	21,678,535	43,976,522	(2,897,000)	62,758,057
Post 2014 Session	0	0	0	0
2014 Session - Midbiennium Adjustments	34,362,717	32,442,704	(1,872,556)	64,932,865
Total Per 2014 Session	1,429,479,091	2,649,908,995	26,437,444	4,105,825,530
Change over prior year (excluding deficits)				
Dollar	114,247,095	152,802,108	607,420	267,656,623
Percent	8.7%	6.1%	2.4%	7.0%
Two Year Avg Growth (excluding deficits)	6.5%	6.1%	12.8%	6.3%

Excluding deficits, FY13-14 reflects a \$205.7 million (5.7%) increase over FY12-13, while FY14-15 includes an additional \$267.6 million (7.0%) increase over FY13-14. The average annual increase for the biennium is 6.3%.

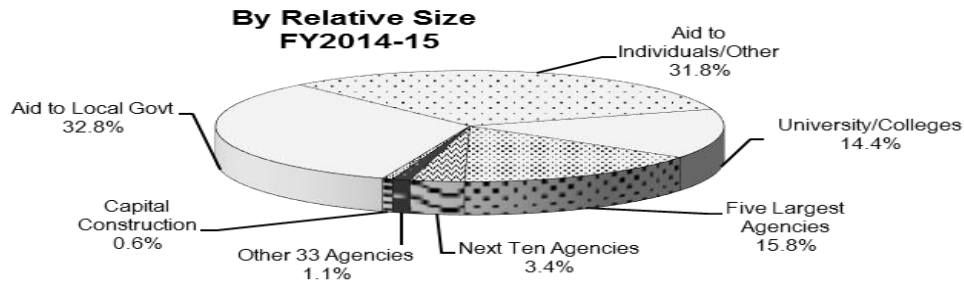
The following table highlights the major changes in the FY2013-14 and FY2014-15 General Fund budget as compared to the FY12-13 base year appropriation. The items listed account for about 97% of the total net change in appropriations over the two year period. All items shown reflect the cumulative impact of actions taken in the 2013 Session and subsequently modified in the 2014 Session.

Table 12 Significant Increases and Reductions - FY14 and FY5 (as revised)

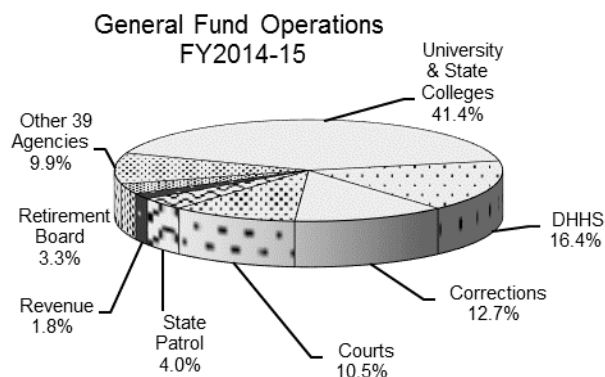
Excludes FY14 deficits	\$ Change over FY13 Base Year		Sum Total for the Biennium
	FY2013-14	FY2014-15	
TEEOSA Aid to Schools (General Funds only)	48,021,232	76,704,757	124,725,989
Medicaid (other than FMAP, ACA, match shift)	34,924,526	61,415,450	96,339,976
General Increase (University & St Colleges) (4% / yr)	21,965,237	44,591,198	66,556,435
ACA Health Care Reform - oper & aid and contingency)	17,464,999	33,518,412	50,983,411
Federal Medicaid Match rate (op & aid)	18,885,855	48,665,837	67,551,692
Special Education	9,694,692	19,874,119	29,568,811
Employee salary increases (Agencies)	9,198,242	18,597,901	27,796,143
Developmental Disability aid (other than FMAP)	4,988,408	29,310,885	34,299,293
Child Welfare aid (other than FMAP and LB561)	7,279,505	7,558,944	14,838,449
Juvenile justice system changes - LB561 (net oper + aid)	5,864,004	8,635,996	14,500,000
Capital Construction	5,057,791	5,665,211	10,723,002
Inmate per diem costs (Corrections)	4,820,496	10,086,322	14,906,818
Community Colleges	3,514,806	7,170,204	10,685,010
Retirement, K-12 School / Judges / Patrol	(5,700,515)	16,653,926	10,953,411
Resources Development Fund	0	10,492,793	10,492,793
Staffing, housing units (Corrections)	2,750,000	7,889,157	10,639,157
Supervised release, reentry probation - LB907 (Courts)	0	8,800,000	8,800,000
Early Childhood Endowment	4,000,000	4,000,000	8,000,000
Children's Health Insurance (other than FMAP & ACA)	1,468,391	6,882,354	8,350,745
Early Childhood grant program	1,915,962	5,330,962	7,246,924
Juveniles, court jurisdiction - LB464 (Courts)	0	5,617,942	5,617,942
Vocational and Life Skills Program (oper+aid) (DCS)	0	5,000,000	5,000,000
Behavioral health aid (other than FMAP, match shift, ACA)	1,389,908	2,911,089	4,300,997
Salary adjustments and reclassifications (Courts)	1,087,137	2,487,089	3,574,226
Public/Community Health Aid	1,550,000	2,197,000	3,747,000
Wildfire Control Act of 2013 - LB634 (University+Military)	1,545,000	1,395,000	2,940,000
Young Adult Voluntary Services & Support - LB216 (DHHS)	1,048,518	1,585,597	2,634,115
General Operating inflation (State Agencies)	864,753	1,235,123	2,099,876
Pediatric Cancer Research (University)	0	1,800,000	1,800,000
Aging programs	229,989	1,464,027	1,694,016
Operations back to General Funds per LB495 (Education)	806,236	816,464	1,622,700
Replace federal HAVA funding (Sec of State)	390,000	990,000	1,380,000
Liquor Control Act enforcement - LB579 (Patrol)	652,000	522,000	1,174,000
Funds shifts (DHHS)	(1,800,000)	(1,000,000)	(2,800,000)
Final phase-out of county assessor takeover (Revenue)	(616,540)	(616,540)	(1,233,080)
All Other (net)	2,484,520	15,152,556	17,637,076
Total (combined 2013 and 2014 Session actions)	205,745,152	473,401,775	679,146,927
By Session:			
2013 Session	205,745,152	408,468,910	614,214,062
2014 Session	deficits	64,932,865	64,932,865
Total	205,745,152	473,401,775	679,146,927

Table 13 Summary of FY2013-14 & FY2014-15 General Fund Budget

	w/o Deficits FY2013-14	With deficits FY2014-15	Change over Prior Yr		Change over Prior Yr		2 Yr Avg % Change	% of Total FY14-15
			FY13-14 (w/o deficits)		FY14-15 (w/o deficits)			
			\$	%	\$	%		
Agency Operations								
University/Colleges	567,109,821	592,212,914	23,660,238	4.4%	25,103,093	4.4%	4.4%	14.4%
Health & Human Services System	233,169,499	235,054,760	(3,255,760)	-1.4%	1,885,261	0.8%	-0.3%	5.7%
Correctional Services	167,048,868	181,813,346	10,208,599	6.5%	14,764,478	8.8%	7.7%	4.4%
Courts	107,213,686	149,427,839	22,948,203	27.2%	42,214,153	39.4%	33.2%	3.6%
State Patrol	56,153,379	56,576,821	1,899,931	3.5%	423,442	0.8%	2.1%	1.4%
Revenue	25,398,331	26,428,021	(244,199)	-1.0%	1,029,690	4.1%	1.5%	0.6%
Retirement Board	24,290,810	46,645,251	(5,700,515)	-19.0%	22,354,441	92.0%	24.7%	1.1%
Other 39 Agencies	134,847,602	141,320,139	6,104,537	4.7%	6,472,537	4.8%	4.8%	3.4%
Total-GF Operations	1,315,231,996	1,429,479,091	55,621,034	4.4%	114,247,095	8.7%	6.5%	34.8%
State Aid to Individuals/Others								
Medicaid	710,247,560	777,723,897	65,674,366	10.2%	67,476,337	9.5%	9.8%	18.9%
Child Welfare Aid	156,756,327	137,778,999	2,981,743	1.9%	(18,977,328)	-12.1%	-5.3%	3.4%
Public Assistance	107,116,945	110,319,888	(1,407,840)	-1.3%	3,202,943	3.0%	0.8%	2.7%
Developmental disabilities aid	109,173,012	137,040,195	7,294,641	7.2%	27,867,183	25.5%	16.0%	3.3%
Behavioral Health aid	70,759,664	67,444,214	(4,373,555)	-5.8%	(3,315,450)	-4.7%	-5.3%	1.6%
Childrens Health Insurance (SCHIP)	17,638,937	27,560,027	4,531,187	34.6%	9,921,090	56.2%	45.0%	0.7%
ACA Contingency	0	0	0	--	0	100.0%	na	0.0%
Aging Programs	8,229,427	9,463,465	229,989	2.9%	1,234,038	15.0%	8.8%	0.2%
Higher Ed Student Aid programs	7,308,156	7,553,156	315,000	4.5%	245,000	3.4%	3.9%	0.2%
Public Health Aid	6,040,612	6,437,612	1,250,000	26.1%	397,000	6.6%	15.9%	0.2%
Community health centers	4,058,060	4,308,060	300,000	8.0%	250,000	6.2%	7.1%	0.1%
Business Innovation Act	6,760,000	6,760,000	(396,396)	-5.5%	0	0.0%	-2.8%	0.2%
All Other Aid to Individuals/Other	8,803,123	12,512,373	823,000	10.3%	3,709,250	42.1%	25.2%	0.3%
Total-GF Aid to Individuals/Other	1,212,891,823	1,304,901,886	77,222,135	6.8%	92,010,063	7.6%	7.2%	31.8%
State Aid to Local Govts								
State Aid to Schools (TEEOSA)	884,888,317	913,571,842	48,021,232	5.7%	28,683,525	3.2%	4.5%	22.3%
Special Education	203,588,534	213,767,961	9,694,692	5.0%	10,179,427	5.0%	5.0%	5.2%
Aid to Community Colleges	91,384,953	95,040,351	3,514,806	4.0%	3,655,398	4.0%	4.0%	2.3%
Homestead Exemption	71,600,000	73,521,000	(900,000)	-1.2%	1,921,000	2.7%	0.7%	1.8%
Aid to ESU's	14,051,761	14,051,761	0	0.0%	0	0.0%	0.0%	0.3%
Early Childhood programs	5,915,962	9,235,164	5,915,962	#DIV/0!	3,319,202	56.1%	na	0.2%
Other Aid to Local Govt	12,785,537	25,819,030	1,597,500	14.3%	13,033,493	101.9%	51.9%	0.6%
Total-GF Aid to Local Govt	1,284,215,064	1,345,007,109	67,844,192	5.6%	60,792,045	4.7%	5.2%	32.8%
Capital Construction								
	25,830,024	26,437,444	5,057,791	24.3%	607,420	2.4%	12.8%	0.6%
Total General Funds								
	3,838,168,907	4,105,825,530	205,745,152	5.7%	267,656,623	7.0%	6.3%	100.0%



Agency Operations accounts for the costs of operating state agencies including costs such as employee salaries and benefits, data processing, utilities, vehicle and equipment purchases, fuel and oil, etc... In the FY2014-15 budget, 34.8% of all General Fund appropriations are for agency operations. Although there are 47 state agencies that receive General Fund appropriations higher education (University of Nebraska and State Colleges) and the six largest agencies (Health and Human Services, Corrections, Courts, State Patrol, Revenue, and Retirement Board) account for 90% of state operations. Most of the General Funds for the Retirement Board are state contributions for the K-12 School employee retirement plan.



General Funds for agency operations shows a net \$55.6 million increase (4.4%) in FY13-14 and a \$114.3 million increase (8.7%) in FY14-15. The second year increase is inflated by the shift of significant funds of money from child welfare aid to agency operations under the Court System as part of the juvenile justice reforms and conversion from DHHS to probation under the Courts. This shift of funds from aid to operations amounted to \$3.7 million in FY2013-14 and \$23.4 million in FY2014-15.

The most significant increases in operations in FY13-14 are \$21.9 million for a 4.0% increase in support for the University of Nebraska and State Colleges, \$9.2 million for a 2.25% salary increase for state employees, and \$4.9 million for administrative costs related to implementation of the Affordable Care Act (ACA) health care reform. This includes staffing to cover a projected increase in the number of Medicaid and Children’s Health Insurance clients who are eligible under current law but not participating at the present time. Other major operations include \$4.8 million for inmate per diem costs (food, medical) and \$2.75 million to restore a previous budget cut and reopen additional correctional housing.

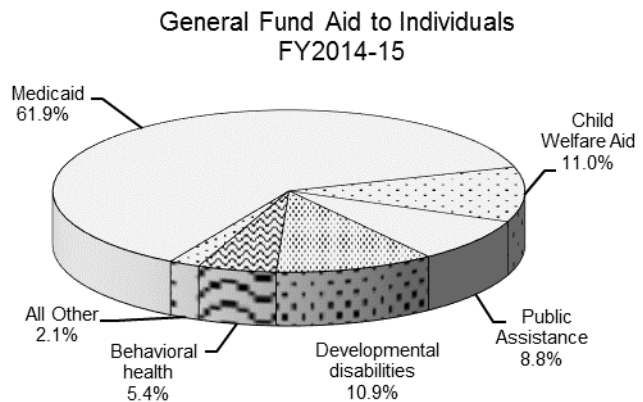
The larger increase in FY14-15 can be attributed to three items, state contributions to defined benefit retirement plans, LB561 (2013) which made significant changes to the juvenile justice system, LB 907 (2014) relating to corrections population issues and probation, reporting centers, and reentry programs, and LB464 (2014) which related to juveniles and court jurisdiction. FY14-15 includes a net \$15 million increase in state contributions to the defined benefit retirement plans; a \$5.7 million reduction with the sunset of a current statutory COLA contribution and a \$20 million increase in state contributions for schools (contribution increase of 1% to 2% of salaries) and a flat \$1.4 million allocation for the state patrol plan. In the absence of legislation, an even larger increase would have been required to cover the actuarial shortfall in these plans.

Agency Operations (change over FY13 base year)	FY2013-14	FY2014-15	Two Yr Total
General Increase (University & St Colleges) (4% / yr)	21,965,237	44,591,198	66,556,435
Salaries (State Agencies)	9,198,242	18,597,901	27,796,143
Juvenile justice changes, shift from aid - LB561 (Courts)	3,725,208	23,439,194	27,164,402
Inmate per diem costs (Corrections)	4,820,496	10,086,322	14,906,818
Retirement, K-12 School / Judges / Patrol	(5,700,515)	16,653,926	10,953,411
Staffing, housing units (Corrections)	2,750,000	7,889,157	10,639,157
Health Care reform implementation (DHHS operations)	4,964,999	5,018,412	9,983,411
Juvenile justice system, net new funds - LB561 (Courts)	4,000,000	4,833,670	8,833,670

(continued from prior page)	FY2013-14	FY2014-15	Two Yr Total
Supervised release, reentry probation - LB907 (Courts)	0	8,800,000	8,800,000
Juveniles, court jurisdiction - LB464 (Courts)	0	5,617,942	5,617,942
Salary adjustments and reclassifications (Courts)	1,087,137	2,487,089	3,574,226
Wildfire Control Act of 2013 - LB634 (University+Military)	1,545,000	1,395,000	2,940,000
General Operating inflation (State Agencies)	864,753	1,235,123	2,099,876
Young Adult Voluntary Services & Support - LB216 (DHHS)	1,048,518	1,585,597	2,634,115
Pediatric Cancer Research (University)	0	1,800,000	1,800,000
Operations back to General Funds per LB495 (Education)	806,236	816,464	1,622,700
Vocational and Life Skills Program - LB907 (Corrections)	0	1,500,000	1,500,000
Replace federal HAVA funding (Sec of State)	390,000	990,000	1,380,000
Liquor Control Act enforcement - LB579 (Patrol)	652,000	522,000	1,174,000
Nebraska Health Information Initiative (DHHS)	500,000	500,000	1,000,000
Final phaseout of county assessor takeover (Revenue)	(616,540)	(616,540)	(1,233,080)
Funds shifts (DHHS)	(1,800,000)	(1,000,000)	(2,800,000)
All Other	5,420,263	13,125,674	18,545,937
Total - Operations	55,621,034	169,868,129	225,489,163

Aid to Individuals. About 32% of all General Fund appropriations are classified as state aid to individuals. Aid to individuals includes programs such as Medicaid, Child Welfare, Public Assistance programs such as AFDC, 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, behavioral health regions and developmental disability regions.

This area has the largest overall growth in the budget over the two years with an average increase of 7.2%. There was a net increase of \$77.2 million (6.8%) in FY2013-14. This includes a \$23.8 million increase for Medicaid eligibility and utilization, \$18.3 million to offset a lower federal Medicaid match rate (FMAP), \$14.6 million for a 2.25% DHHS provider rate increase, \$12.5 million for projected higher participation in Medicaid and Children’s Health Insurance (SCHIP) under the Affordable Care Act (ACA) health care reform, and \$4.2 million for child care rates.



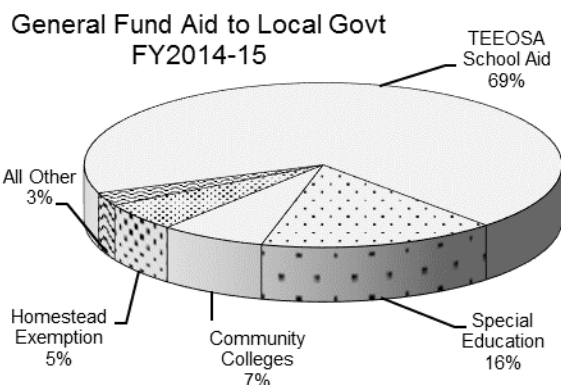
Growth in FY2014-15 is driven by another \$29 million to offset a continued decline in the FMAP, \$22.6 million for Medicaid eligibility and utilization, \$16 million for continued phase-in of ACA health care reform, and \$12.4 million to fully implement the new developmental disability rate methodology.

The largest spending increase are was provided for the developmental disability program including funds for new clients transitioning from high school (\$1,400,000 FY14 and \$2.8 million FY15), funds to help reduce the waiting list (\$1,946,650 FY14 and \$8,638,300 FY15) and funding to start implementing a new rate methodology (\$2.8 million as provider rate increase in FY14 and

then in FY15 another \$2.6 million for provider rates plus \$12.1 million for the new rate methodology).

Aid to Individuals (change over FY13 base year)	FY2013-14	FY2014-15	Two Yr Total
Medicaid (other than FMAP, ACA, match shift)	34,924,526	61,415,450	96,339,976
Federal Medicaid Match rate (aid only)	18,471,916	47,614,465	66,086,381
ACA Health Care Reform (aid, net impact)	12,500,000	28,500,000	41,000,000
Developmental Disability aid (other than FMAP)	4,988,408	29,310,885	34,299,293
Child Welfare aid (other than FMAP and LB561)	7,279,505	7,558,944	14,838,449
Children's Health Insurance (other than FMAP & ACA)	1,468,391	6,882,354	8,350,745
Behavioral health aid (other than FMAP, match shift, ACA)	1,389,908	2,911,089	4,300,997
Public/Community Health Aid	1,550,000	2,197,000	3,747,000
Vocational and Life Skills Program (DCS)	0	3,500,000	3,500,000
Aging programs	229,989	1,464,027	1,694,016
Child Welfare aid (LB561 shift to courts operations)	(3,725,208)	(23,439,194)	(27,164,402)
Public Assistance (other than FMAP)	(1,746,904)	971,324	(775,580)
All Other	(108,396)	345,854	237,458
Total - Aid to Individuals	77,222,135	169,232,198	246,454,333

Aid to Local Government. 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 teacher retirement are not included under this category as those amounts are credited directly to the teacher retirement fund and are not checks written to school districts nor do those amounts show up as a school revenue or subsequent expenditure.



Collectively, this area receives a \$67.8 million (5.6%) increase in FY2013-14 and another \$60.7 million (4.7%) increase in FY2014-15.

Significant increases in FY2013-14 include TEEOSA school aid (\$48.0 million, 5.7%), Special Education (\$9.7 million, 5.0%), \$4 million for additional state support for the Early Childhood Endowment program, and Community College aid (\$3.5 million, 4.0%).

FY2013-14 funding also includes \$1,665,962 to partially restore General Funds for early childhood aid. For the last two years the program was funded at \$3,365,962 with Education Innovation Fund (lottery proceeds). Although prior law called for this to return to General Funds, the legislation enacted in the 2013 Session continued using \$1.7 million of lottery funds for this program.

The most significant increases in FY2014-15 include an additional \$28.7 million for TEEOSA school aid, and two one-time items included in the 2014 session; \$10.5 million for the Resources Development Fund and \$3.4 million for the Early Childhood grant program.

<u>Aid to Local Governments (change over FY13 base year)</u>	<u>FY2013-14</u>	<u>FY2014-15</u>	<u>Two Yr Total</u>
TEEOSA Aid to Schools (Gen Fund only net)	48,021,232	76,704,757	124,725,989
Special Education	9,694,692	19,874,119	29,568,811
Community Colleges	3,514,806	7,170,204	10,685,010
Resources Development Fund	0	10,492,793	10,492,793
Early Childhood Endowment	4,000,000	4,000,000	8,000,000
Early Childhood grant program	1,915,962	5,330,962	7,246,924
Homestead Exemption (net after bills)	(900,000)	1,021,000	121,000
County Juvenile Services aid	1,522,425	3,522,425	5,044,850
All Other	75,075	519,977	595,052
Total - Aid to Local Govt	67,844,192	128,636,237	196,480,429

Capital construction which accounts for about .7% 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 or on-going projects are routinely done within agencies operating budgets. Road construction and maintenance is not included in this category but included under cash fund agency operations.

The budget contains funds to initiate several significant projects including a building for a chemical dependency program at the Hastings Regional Center campus, renovations of the Conn Library at Wayne State College, construction of a Rangeland Center at Chadron State College, and construction of a new facility to house the UNMC College of Nursing program in Lincoln.

Although not shown as a General Fund appropriation, several projects were financed with transfers from the Cash Reserve Fund (CRF) and General Fund (GF) transfers to the Nebraska Capital Construction Fund (NCCF). This includes \$47 million for a new Central Nebraska Veterans Home to replace the facilities at the current Grand Island Veterans Home enacted in the 2013 session, and two projects initiated in the 2014 session: replacement of the heating, ventilation, and air conditioning (HVAC) system in the State Capitol (first three years) and installation of fountains in the four State Capitol courtyards as originally envisioned when the building was built.

<u>NCCF Projects funded with GF & CRF transfers</u>	<u>FY2013-14</u>	<u>FY2014-15</u>	<u>2 Yr Total</u>
#25-DHHS Central Nebraska Veterans' Home (CRF)	43,015,459	0	43,015,459
#25-DHHS Central Nebraska Veterans' Home (GF)	4,000,000	0	4,000,000
#65-DAS State Capitol HVAC system replacement (CRF)	0	11,701,900	11,701,900
#65-DAS State Capitol courtyard fountains (CRF)	0	2,500,000	2,500,000
Total NCCF projects financed with GF & CRF Transfers	47,015,459	14,201,900	61,217,359

Historical General Fund Appropriations

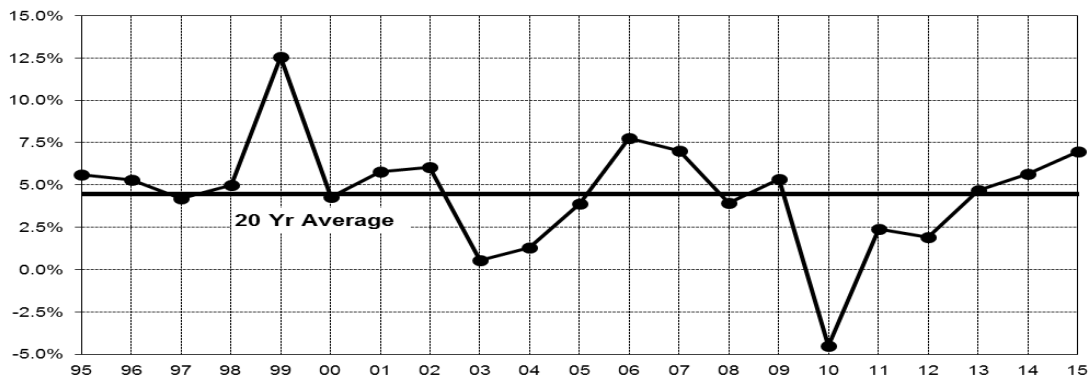
Table 14 Historical General Fund Appropriations

Excludes Deficits	Agency Operations	Aid to Ind/Other	Aid to Local Govt	Construction	Total	% Change
FY1993-94 Approp	676,413,141	346,829,183	597,466,962	7,264,678	1,627,973,964	2.0%
FY1994-95 Approp	695,515,177	384,690,537	632,796,916	5,954,449	1,718,957,079	5.6%
FY1995-96 Approp	725,857,466	410,620,962	652,868,725	20,831,107	1,810,178,260	5.3%
FY1996-97 Approp	750,780,005	440,564,731	674,622,322	19,843,088	1,885,810,146	4.2%
FY1997-98 Approp	781,597,662	461,238,934	695,680,295	41,250,742	1,979,767,633	5.0%
FY1998-99 Approp	818,104,542	489,445,789	860,034,724	60,994,066	2,228,579,121	12.6%
FY1999-00 Approp	877,214,679	523,395,392	868,657,713	54,676,163	2,323,943,947	4.3%
FY2000-01 Approp	928,262,744	598,336,773	885,742,858	46,446,858	2,458,789,233	5.8%
FY2001-02 Approp	989,205,923	646,333,088	944,027,473	27,384,852	2,606,951,336	6.0%
FY2002-03 Approp	1,003,728,744	647,793,727	951,729,511	18,044,257	2,621,296,239	0.6%
FY2003-04 Approp	999,655,261	705,616,238	929,503,078	20,515,031	2,655,289,608	1.3%
FY2004-05 Approp	1,018,017,210	785,572,536	935,446,662	19,046,316	2,758,082,724	3.9%
FY2005-06 Approp	1,079,894,592	850,904,771	1,018,289,225	23,350,481	2,972,439,069	7.8%
FY2006-07 Approp	1,151,463,639	938,524,594	1,058,983,563	31,878,981	3,180,850,777	7.0%
FY2007-08 Approp	1,172,764,317	978,026,675	1,146,759,149	8,150,822	3,305,700,963	3.9%
FY2008-09 Approp	1,221,557,978	1,015,815,632	1,236,048,810	8,238,322	3,481,660,742	5.3%
FY2009-10 Approp	1,210,527,988	880,256,943	1,220,339,540	14,172,233	3,325,296,704	-4.5%
FY2010-11 Approp	1,253,663,584	946,598,966	1,191,036,509	13,802,233	3,405,101,292	2.4%
FY2011-12 Approp	1,225,276,661	1,057,283,733	1,173,944,302	14,027,233	3,470,531,929	1.9%
FY2012-13 Approp	1,259,610,962	1,135,669,688	1,216,370,872	20,772,233	3,632,423,755	4.7%
FY2013-14 Enacted	1,315,231,996	1,212,891,823	1,284,215,064	25,830,024	3,838,168,907	5.7%
FY2014-15 Enacted	1,429,479,091	1,304,901,886	1,345,007,109	26,437,444	4,105,825,530	7.0%

Average Annual Growth

FY04 / FY05 Biennium	0.7%	10.1%	-0.9%	2.7%	2.6%
FY06 / FY07 Biennium	6.4%	9.3%	6.4%	29.4%	7.4%
FY08 / FY09 Biennium	3.0%	4.0%	8.0%	-49.2%	4.6%
FY10 / FY11 Biennium	1.3%	-3.5%	-1.8%	29.4%	-1.1%
FY12 / FY13 Biennium	0.2%	9.5%	1.1%	22.7%	3.3%
FY14 / FY15 Biennium	6.5%	7.2%	5.2%	12.8%	6.3%
Avg FY95 to FY05 (10 yr)	3.9%	7.4%	4.0%	12.3%	4.8%
Avg FY05 to FY15 (10 yr)	3.5%	5.2%	3.7%	3.3%	4.1%
Avg FY95 to FY15 (20 yr)	3.7%	6.3%	3.8%	7.7%	4.4%

General Fund Budget Growth - Past 20 Years



2014 Session Budget Actions

The mid-biennium budget adjustments increase FY13-14 and FY14-15 General Fund new appropriations by a net total of \$68 million over the two year period. This equals .9% of the original two-year appropriation. A summary listing of 2014 General Fund budget adjustments is contained Table 15 as shown below. This summary listing accounts for 90% of the total budget adjustments and includes items with a net two year impact of \$500,000 or more. A complete listing of all items is include in Appendix A.

Table 15 Significant General Fund Budget Adjustments – 2014 Session

	FY2013-14	FY2014-15	2 Yr total
SIGNIFICANT INCREASES:			
1 DHHS-Lower FFY2015 FMAP	0	16,919,325	16,919,325
2 LB 907 Supervised release, reentry probation, Voc & Life Skills	0	14,269,362	14,269,362
3 Nat Resources-One-time funding, Resources Development Fund	0	10,492,793	10,492,793
4 Corrections-Inmate per diem and medical expenses	3,950,000	4,050,000	8,000,000
5 Corrections-Inmate capacity issues	880,972	5,139,157	6,020,129
6 LB 464 Juveniles, court jurisdiction, indictment procedures	0	5,426,692	5,426,692
7 DHHS-Increase funding, waiting list - developmental disability aid	0	5,000,000	5,000,000
8 LB986 & LB1087 Homestead exempt income limits, disabled vets	0	4,621,000	4,621,000
9 DHHS-MAGI Eligibility Rules Under ACA (SCHIP)	1,369,305	2,775,125	4,144,430
10 Education-Early Childhood grant program, one-time funds	0	3,510,000	3,510,000
11 LB 690 Aging Nebraskans Task Force	0	2,857,248	2,857,248
12 DHHS-State Disabled - Medical (net)	742,200	1,598,100	2,340,300
13 DHHS-ACA Section 2101F Population (SCHIP)	440,134	1,665,075	2,105,209
14 DHHS-2% increase in provider rates - developmental disability aid	0	2,595,048	2,595,048
15 University-Pediatric cancer research (LB 764)	0	1,800,000	1,800,000
16 State Claims (included in Claims Bill)	1,467,753	0	1,467,753
17 Historical Society-Move from K St facility to Experian Building	691,086	485,086	1,176,172
18 LB 920 Adopt the Public Guardianship Act	0	886,687	886,687
19 LB 438 Priority schools, intervention teams	81,544	776,832	858,376
20 LB 254 Autism insurance coverage, amino acid-based formulas	0	622,500	622,500
21 LB 853 Changes, Young Adult Voluntary Services & Support Act	0	550,968	550,968
22 DHHS-State Ward Permanency Pilot project (LB 936)	0	528,000	528,000
23 Subtotal-Increases listed	9,622,994	86,538,998	96,191,982
SIGNIFICANT REDUCTIONS:			
24 Homestead Exemption (to current law)	(6,500,000)	(6,000,000)	(12,500,000)
25 Medicare Part D clawback reduction	(2,800,000)	(4,800,000)	(7,600,000)
26 Base Adjustments, DHHS programs	(800,000)	(6,922,744)	(7,722,744)
27 TEEOSA state aid: to current law, LB725, LB967, LB276)	0	(7,214,510)	(7,214,510)
28 Subtotal-Reductions listed	(10,100,000)	(24,937,254)	(35,037,479)
29 ALL OTHER (Net)	3,547,620	3,301,121	6,848,741
30 GENERAL FUND NEW APPROPRIATIONS	3,070,614	64,932,865	68,003,479

Table 16 General Fund Appropriations by Bill – 2014 Session

	Appropriation. FY2013-14	Appropriation FY2014-15	Estimated FY2015-16	Estimated FY2016-17
LB 191 Nebr Job Creation and Mainstreet Revitalization Act	0	395,929	122,100	122,100
LB 254 Autism insurance coverage, amino acid-based formulas	0	622,500	1,574,467	1,574,467
LB 276 Medicaid plan, TEEOSA, early intervention act	0	42,746	42,746	1,825,746
LB 359 Eligibility redeterminations, child care subsidy	0	370,152	787,968	787,968
LB 438 Priority schools, intervention teams	81,544	776,832	776,832	776,832
LB 464 Juveniles, court jurisdiction, indictment procedures	0	5,426,692	8,649,784	17,751,013
LB 560 Enforcement, certain labor and employment acts	0	154,445	155,731	155,731
LB 660 Extend pilot project, case management contract	0	75,000	0	0
LB 661 Voter registration, website and use of DMV records	0	50,000	0	0
LB 690 Aging Nebraskans Task Force **	0	2,857,248	5,335,568	5,335,568
LB 725 Change TEEOSA provisions, local effort rate	0	32,929,695	0	0
LB 744 Nebraska Sesquicentennial Commission	0	94,000	94,000	94,000
LB 814 Sales tax on watercraft / ATV to Game & Parks	0	44,485	0	0
LB 853 Changes, Young Adult Voluntary Services & Support Act	0	550,968	685,207	685,207
LB 867 Sales tax exemptions, sports arena throwback payments	0	52,700	45,200	45,200
LB 901 Psychology internships, Behavioral Health Ed Center	0	374,000	417,750	578,875
LB 907 Supervised release, reentry probation, Voc & Life Skills	0	14,269,362	14,252,337	14,252,337
LB 920 Adopt the Public Guardianship Act	0	886,687	1,504,821	1,504,821
LB 923 Training, suicide awareness and prevention	0	142,000	142,000	142,000
LB 967 TEEOSA, Ed Innovation, early childhood	0	0	600,000	2,300,000
LB 986 Change homestead exemption income limitations	0	4,621,000	5,468,000	5,601,000
LB 987 Index income tax brackets, SS exemption	0	176,966	44,338	44,338
LB 994 Change vital statistics fees	0	500,000	0	0
LB 999 Planning-Hastings Correctional Behavioral Health	0	(2,897,000)	2,897,000	0
LB 1016 Purchase a state aircraft, authorization	3,600,000	0	0	0
LB 1087 Homestead exemption, disabled veterans	0	0	406,000	416,000
LB 1098 Membership / duties, Natural Resources Comm.	0	41,650	18,700	18,700
LB 1115 Power Review Board, study and state policy	0	200,000	0	0
Subtotal - A Bills	3,681,544	62,758,057	44,020,549	54,011,903
LB 905 Mainline Midbiennium adjustments	(2,078,683)	2,174,808	(15,129,864)	(15,411,182)
LB 949 State Claims	1,467,753	0	0	0
Total General Funds - 2014 Session	3,070,614	64,932,865	28,890,685	38,600,721

Probation Officer Reclassification (Supreme Court)

In recent years, the Probation System has moved resources and personnel to concentrate on the supervision of those probationers who are at the highest risk to reoffend which include probationers who are chronic substance abusers, domestic violence and sexual assault perpetrators, serial drunk drivers, mentally ill, or gang members. Currently, the minimum salary of approximately \$34,000 after one year of employment is the same for officers who supervise low-risk probationers and for officers who supervise high-risk probationers. The goal is to compensate officers who supervise high-risk probationers for the additional skills and abilities needed and consists of increasing the minimum salary to approximately \$41,000. For new officers and existing officers whose current salary is below the minimum, salaries will be increased to the minimum. For existing officers whose salaries are above the minimum, smaller increases will be given to maintain salary equity. This additional funding, \$282,683 General funds, would result in an overall 5% increase for those positions affected. Some officers would receive a larger increase, some a smaller increase.

Court Employee Compensation (Supreme Court)

In 2013, the Supreme Court contracted with the National Center for State Courts (NCSC) to conduct a salary survey and make recommendations on appropriate pay rates for court and probation employees. The Appropriations Committee had requested that the Supreme Court conduct this salary survey. The NCSC salary survey found that many positions are paying 5% to 25% below the market rate. The Supreme Court requested a salary limit (PSL) increase to bring these positions up to the NCSC recommended level. Estimated cost would be \$5.3 million (\$4.6 million PSL)

As the salary survey report was completed January 4, 2014 the agency request was submitted at their budget hearing. Only PSL was requested as the agency would use carry-over funds, an estimated \$4.5 million, to fund this salary increase in FY2014-15. Employees would receive increases of 5%, 10%, 15%, 20%, or 25%, and some employees would receive no increase.

The Legislature approved only a portion of the request increasing the salary limit by \$1.5 million so that the \$4.5 million carryover funds would cover both the FY2014-15 increase as well as the two years of the following biennium.

Juvenile Service Delivery Project Deficit (Supreme Court)

LB561 passed in 2013, reformed juvenile justice by transitioning oversight of juveniles from the Department of Health and Human Services (DHHS) to Probation Administration. To implement LB561, Probation submitted a fiscal note for approximately \$31 million. Probation received approximately \$19 million transferred from DHHS. Understanding this amount could likely not be sufficient, a process was established in LB561A to allow DHHS to transfer funds to Probation if needed. Probation estimated a shortfall of \$7.4 million for FY13-14 only. All attempts to use the LB561A transfer process were unsuccessful. The budget included a \$7.4 million contingency appropriation made to a separate budget program and only to be used if the agency certifies to the state budget administrator that funds available in the regular probation program are insufficient. The \$7.4 million FY13-14 deficit amount was then offset through a reduction in excess General Fund appropriations in Public Assistance (\$5,000,000) and Medicaid (\$2,400,000)

LB 464 Juvenile Court Jurisdiction (Supreme Court)

LB464 enacted in the 2014 session, changes court jurisdiction over juveniles and arraignment procedures. The bill changes provisions regarding the exclusive original jurisdiction of the Juvenile Court for juveniles age 16 and 17. The bill phases-in this jurisdiction change (age 16 on January 1, 2015 and age 17 on January 1, 2017) with the full impact not realized until FY2016-17.

	# of Positions	Gen Fund Appropriations
FY2014-15	15.0	5,167,942
FY2015-16	42.0	8,138,315
FY2016-17	78.0	17,239,544

The largest areas of anticipated expenditures noted in the above-table are for Probation Officers and other probation staff, treatment for juveniles, pre-adjudication out-of-home placements, and pre-adjudicated evaluations. The Department of Health and Human Services will incur additional costs for detention and transportation estimated to be \$505,067 for a full-year.

The bill also changes provisions relating to juvenile facilitated conferencing and \$450,000 General Funds was shifted from the Department of Health and Human Services to the office of the State Court Administrator's for the purpose of making the State Court Administrator directly responsible for contracting and paying for prehearing conferences.

LB 920 Public Guardianship Act. (Supreme Court)

This act, operative on January 1, 2015, establishes the Office of Public Guardianship under the jurisdiction of the Nebraska State Court Administrator, and will employ a director, deputy public guardian and up to 12 associate guardians. The functions of the office include providing immediate response when a guardian is needed in an emergency situation; provide an option upon the resignation, removal, or discharge of a guardian so that there is no lapse in service to the ward or protected person; promote or provide public education to increase the awareness of the duties of guardians and encourage more people to serve as private guardians; recruit members of the general public or family members to serve as guardians and provide adequate training and support to enhance their success.

The bill also creates the Advisory Council on Public Guardianship to advise the Public Guardian on the administration of public guardianship and public conservatorship including developing guidelines for a sliding scale of fees to be charged for public guardianship and public conservatorship services. These fees would be credited to the Public Guardianship Cash Fund. Costs to implement this bill are shown below:

Item	# Positions		GF Appropriation	
	FY14-15	FY15-16	FY14-15	FY15-16
Public & Deputy Public Guardian	1.00	2.00	61,128	125,312
Associate Public Guardian	6.00	12.00	242,946	498,040
Education Coordinator	0.50	1.00	20,246	41,503
Support Staff	1.50	3.00	49,968	102,433
Benefits			259,187	521,209
Operating			91,060	83,020
Travel			67,152	133,304
Capital outlay			95,000	0
TOTAL	9.00	18.00	886,687	1,504,821

TEEOSA School Aid (Education)

The midbiennium budget changes adjusts the FY2014-15 budgeted TEEOSA aid amount to the level called for under the prior law and subsequent changes enacted in the 2014 session. Overall this is \$7.2 million lower than estimated at Sine Die last year and included in the budget enacted at that time. The following table shows the total amounts for TEEOSA aid (under current law), the key data elements important in determining the total, and the dollar and percent changes.

	Actual FY2012-13	Actual FY2013-14	Per 2014 FY2014-15	Estimated FY2015-16	Estimated FY2016-17
<u>Key Assumptions</u>					
School Disbursements	2.5%	-0.6%	2.7%	3.7%	4.0%
Gen Fund Operating Expenditures (GFOE)	3.3%	1.6%	2.6%	3.7%	4.0%
Property Valuations (assessed)	4.3%	5.8%	8.5%	8.4%	4.0%
Property Valuations (used in formula)	2.9%	2.1%	2.1%	5.5%	4.0%
% of Valuation used in formula	92.1%	89.5%	84.3%	82.0%	82.0%
Cost Growth Factor	0.50%	2.00%	4.00%	5.00%	5.00%
Local Effort Rate	\$1.0395	\$1.0300	\$1.0000	\$1.0000	\$1.0000
<u>TEEOSA Total by Fund Source</u>					
General Funds	836,867,085	884,888,317	913,571,842	971,789,817	1,014,290,375
Insurance Premium Tax	15,000,000	21,693,014	19,400,000	22,385,000	24,444,625
Lottery funds, reorg incentives	212,958	0	0	0	0
Total TEEOSA state aid	852,080,043	906,581,331	932,971,842	994,174,817	1,038,735,000
<u>General Funds - Change over Prior Year</u>					
Dollar	32,177,998	48,021,232	28,683,525	58,217,975	42,500,558
Percent	4.0%	5.7%	3.2%	6.4%	4.4%
Two Yr Avg % Change	2.5%		4.5%		5.4%
<u>All Funds - Change over Prior Year</u>					
Dollar	30,026,186	54,501,288	26,390,511	61,202,975	44,560,183
Percent	3.7%	6.4%	2.9%	6.6%	4.5%
Two Yr Avg % Change	-7.4%		4.7%		5.5%

The following table shows the chronology of the TEEOSA estimates since Sine Die 2013. The amounts shown are total TEEOSA aid including amounts financed with General Funds and Insurance Premium Tax. Since Sine Die 2013 the estimates for the formula data elements and subsequent aid amount, have now been replaced with actual data that is utilized to certify the FY2014-15 TEEOSA state aid. This includes calculation of formula students, actual Annual Financial Report data which is the basis for calculating NEEDS and other receipts, and property valuations which is the basis for calculating yield from local effort rate. The result is a significant reduction in the amount of aid that is required by the formula under existing law compared to the estimate made last spring.

There were three revisions in the TEEOSA number. First revisions were made at the statutory joint meeting where the Department of Education (NDE), the Property Tax Administrator, the Legislative Fiscal Analyst, and the budget division of DAS are to provide an estimate for the upcoming year. The second changes occurred with the development of the NDE calculation of aid under the current law in January 2014.

The final change was the enactment of legislation in the 2014 session. LB725 lowered the FY2014-15 local effort rate (LER) from \$1.03 to \$1.00. For the most part, this returns TEEOSA

funding for FY2014-15 to the level originally budgeted in the 2013 legislative session. This shows as a one-time impact as under prior law the LER was already scheduled to drop to \$1.00 starting in FY2015-16. Other legislation which affected TEEOSA LB967 which eliminates the instructional time allowance and teacher education allowances in the state aid formula beginning in FY2016-17 and reduces the amount allocated in the formula for each allowance by 50% in FY2015-16.

Chronology of TEEOSA Aid to Schools	All Funds FY2013-14	All Funds FY2014-15	All Funds FY2015-16	All Funds FY2016-17
Sine Die 2013	906,581,331	940,186,352	1,035,653,344	1,080,211,844
Valuation, 2013 from 7.94% to 8.52% actual	0	(6,782,784)	(7,054,096)	(7,336,259)
Valuation; 2014 (4.0% to 8.5%), 2015 (keep at 4%)	0	0	(70,221,339)	(73,025,681)
Change factor, yield from LER used in formula	0	6,260,710	66,886,485	69,561,944
Spending growth, SFY14 3.5% to 3.72%, SFY15 stays at 4%	0	0	6,745,591	7,015,415
Revise system averaging adjustment	0	2,930,944	5,759,021	5,989,382
Revise formula NEEDS stabilization	0	1,197,189	(2,455,362)	(2,553,576)
Revise student growth adjustment	0	(1,893,464)	(1,963,901)	(2,042,457)
Revise new school adjustment	0	(5,888,735)	(6,107,796)	(6,352,108)
Change in NEEDS gained or lost in basic funding calculation	0	2,391,425	11,514,835	11,975,428
Change in Learning Community, impact of non-equalization	0	(117,139)	(2,307)	(602)
Remove plug numbers	0	(427,663)	959,861	276,394
Voluntary termination in out years	0	0	(3,018,695)	(3,139,443)
Total Change - Oct 2013 Joint Meeting	0	(2,329,517)	1,042,297	368,437
Oct 2013 Joint Meeting	906,581,331	937,856,835	1,036,695,641	1,080,580,281
Actual FY13 AFR, lower disbursement growth	0	(9,554,007)	(9,909,417)	(10,305,793)
Actual FY13 AFR, lower fed categorical GFOE adjustment	0	19,860,274	20,599,076	21,423,039
Actual FY13 AFR, higher PL 81-874 impact aid GFOE adjustment	0	(10,770,195)	(11,170,847)	(11,617,680)
Actual FY13 AFR, higher retirement GFOE adjustment	0	(9,810,270)	(10,175,212)	(10,582,220)
Actual FY13 AFR, higher voluntary termination GFOE adjust	0	(6,460,699)	(6,701,037)	(6,969,079)
Actual FY13 AFR, lower redemption of debt principal GFOE adjust	0	3,227,626	3,347,693	3,481,601
Actual FY13 AFR, Lower other GFOE adjustments	0	5,416,530	5,618,025	5,842,746
Change in NEEDS gained or lost in basic funding calculation	0	(37,714,557)	(42,522,941)	(44,223,859)
Revise system averaging adjustment	0	7,378,868	7,629,422	7,934,599
Higher Student Growth Adjustment	0	2,863,564	2,970,088	3,088,892
Lower Poverty/LEP/Student Growth Corrections	0	5,705,939	5,918,200	6,154,928
(continued from prior page)	All Funds FY2013-14	All Funds FY2014-15	All Funds FY2015-16	All Funds FY2016-17
Higher formula NEEDS stabilization	0	377,519	(637,889)	(663,405)
Lower effective Yield from Local Effort Rate	0	46,727,796	43,498,130	45,231,719
Higher Minimum Levy Adjustment	0	(48,613,421)	(48,613,421)	(48,613,421)
Actual FY13 AFR, higher Other Receipts	0	(4,941,484)	(1,372,064)	(1,292,738)
Higher Non Equalized Levy Aid Adjustment	0	(1,513,916)	(1,513,916)	(1,513,916)
All Other	0	(104,576)	(84,715)	(103,695)
Total Change – to NDE Jan 2014 Amount	0	(37,925,010)	(43,120,824)	(42,728,282)
Jan 2014 NDE Current Law Calculation	906,581,331	899,931,825	993,574,817	1,037,852,000
Prior year adjustment	0	110,322	0	0
LB 725 (LER to \$1.00)	0	32,929,695	0	0
LB 276 Medicaid plan, TEEOSA, early intervention act	0	0	0	(1,417,000)
LB 967 TEEOSA, Ed Innovation, early childhood	0	0	600,000	2,300,000
Total Change – 2014 Session	0	33,040,017	600,000	883,000
Sine Die 2014	906,581,331	932,971,842	994,174,817	1,038,735,000
Change - Oct 2013 Joint Meeting	0	(2,329,517)	1,042,297	368,437
Change - NDE Jan 2014	0	(37,925,010)	(43,120,824)	(42,728,281)
Change – 2014 Session	0	33,040,017	600,000	883,000
Total Change since Sine Die 2013	0	(7,214,510)	(41,478,527)	(41,476,844)

Nurturing Healthy Behaviors (Education)

The Legislature included \$400,000 of general funds in FY2014-15 for the State Department of Education to expand the Nurturing Healthy Behaviors program. Currently, about \$400,000 of federal funds are allocated for three programs in the state which provide early childhood consultation services to children from birth through eight years of age. The funds may be used for mental health screening, assessment, individualized program plans, staff training, curriculum development and program evaluation for children in child care centers, preschool programs and elementary schools. Intent language provides that at least one new program shall be funded in the third Congressional district with a portion of the new general funds provided in FY15. This item was originally included in LB 944.

Early Childhood Grant Program (Education)

The enacted budget changes include an additional \$3,415,000 of general funds in FY 2014-15 as aid for the early childhood education grant program. The aid is provided to the State Department of Education on a one-time basis to provide grants for early childhood programs over a three year period, from FY2014-15 through FY2016-17. Also included is \$95,000 of general funds in each of the three years for an additional position in the department to provide monitoring and technical assistance to newly funded early childhood education programs bringing the three year total to \$3.7 million.

In addition, the budget includes a shift of \$95,798 from the early childhood grant program to operating funds to provide additional technical assistance to grantees in FY2013-14 and FY2014-15.

Microsoft IT Academy Program (Education)

The budget includes \$250,000 of general funds in FY2014-15 provided to the State Department of Education for a pilot project for a Microsoft IT Academy. The department is to select school districts to participate in the project and evaluate the results of the project. The project shall be conducted in collaboration with the community colleges and business interests. There is to be statewide representation in the project with at least two rural school districts selected for participation.

Water Litigation Funding (Attorney General)

A total of \$400,000 in General Funds is provided to the Attorney General for FY2013-14 for continuation of water litigation issues. This funding will be used for litigation and arbitration between Nebraska, Kansas, and Colorado over issues arising from the Republican River Compact and Final Settlement Stipulation. This additional amount along with \$350,000 appropriated last session will provide funding for both FY14 and FY15.

Restore Base Funding (State Auditor)

During the 2013 Legislative Session, \$176,669 General Funds was vetoed from the Auditors proposed budget and the amount was not overridden. However, the Legislature subsequently passed LR384 indicating its intent to restore the funding through the deficit process. With the passage of LR384 the Auditor has been operating in good faith that the appropriation would be

restored. The 2014 budget adjustments include restoration of these funds. Without this funding, the Auditor's Office would need to reduce staffing by at least 4 positions.

Homestead Exemption (Revenue)

In the 2013 legislative session, funding for homestead exemption reimbursement was estimated at LB 195 appropriated \$71.6 million for FY2013-14 and \$74.9 million for FY2014-15. Actual tax losses certified by the counties for the current fiscal year (FY2013-14) total \$65,087,564. This allows for a \$6.5 million reduction in the amount originally estimated for FY2013-14 and provides for the certified amount plus a small amount for potential revisions since the counties may amend their requests for homestead funding at any time. Because the FY2013-14 amount was lowered, this allows for a lowering of the estimated FY2014-15 amount. It is estimated that the appropriation for FY2014-15 may be reduced from \$74.9 million to \$68.9, a reduction of \$6.0 million. Note that the level of homestead exemption is statutorily determined. This reduction simply reflects the estimated cost of the existing program relative to the original budget estimates and does not reflect any programmatic changes.

Subsequently two bills enacted in the 2014 Session made several changes to the program. LB986 increases the homestead eligibility income limitations for qualified claimants. LB1087 provides a 100% exemption for a veteran with a honorable or general (under honorable conditions) discharge who is drawing compensation for a 100% disability and who is not eligible for the existing total homestead exemption. This provision would also apply to that veteran's unremarried widow or widower. The bill also gives a 100% exemption to the unremarried widow or widower of any honorably discharged (or general discharge under honorable conditions) veteran who died because of a service-connected disability or whose death on active duty was service connected.

Homestead Exemption	Biennial Budget		Following Biennium	
	FY2014-15	FY2015-16	FY2015-16	FY2016-17
Funding enacted in 2013 session	71,600,000	74,900,000	77,147,000	79,461,410
Adjustment to FY14 actual	(6,500,000)	(6,000,000)	(6,000,000)	(6,000,000)
Subtotal - Prior Law	65,100,000	68,900,000	71,147,000	73,461,410
LB 986 Change homestead exemption income limitations	0	4,621,000	5,468,000	5,601,000
LB 1087 Homestead exemption, disabled veterans	0	0	406,000	416,000
Total per 2014 Session	65,100,000	73,521,000	77,021,000	79,478,410

Reduced Medicaid Match Rate (DHHS)

The current biennial budget enacted last session, was based on a federal medical assistance percentage (FMAP) of 55.76% rate for federal fiscal year (FFY) 2014 and an estimated FMAP of 54.74% starting October 2014 (FFY2015). It is now known that the FFY2015 FMAP will be 53.27% or 1.47% lower than estimated last session.

The base FMAP is also used in the calculation of the enhanced Children's Health Insurance Program (SCHIP) match rate. The current biennial budget enacted last session, was based on an SCHIP FMAP of 69.03% for FFY2014 and estimated SCHIP FMAP of 68.32% for FFY2015. It is now known that the FFY2015 FMAP will be 67.29% or 1.03% lower than estimated last session.

These lower federal match rates result in a higher state match and additional General Fund appropriations. The FMAP affects multiple program as shown below.

<u>Program</u>	<u>Type</u>	<u>FY2013-14</u>	<u>FY2014-15</u>
33 Developmental disability service coordination	Oper	0	111,910
344 Childrens Health Insurance (SCHIP)	Aid	0	694,600
347 Public Assistance	Aid	0	277,331
348 Medicaid	Aid	0	13,358,062
354 Child Welfare	Aid	0	285,939
365 Mental Health operations	Oper	0	51,494
421 Beatrice State Develop Center (BSDC)	Oper	0	188,133
424 Developmental disability aid	Aid	0	1,951,856
Total GF impact of FMAP change		0	16,921,325

Children’s Health Insurance (SCHIP) ACA MAGI Eligibility Rules (DHHS)

The SCHIP MAGI Conversion beginning on January 1, 2014, includes a 5% FPL disregard on top of the converted income standard for the CHIP group, thus increasing the number of eligible children qualifying for coverage. This new group resulted from a clarification by CMS of program requirements under the ACA. CMS did not publish or rule on the SCHIP portion of the 5% FPL disregard until 7/15/13. Therefore, the Department did not include any request for these funds in the FY2013-2015 budget submittal. These funds will be needed to cover the additional enrollees as coverage for this group is mandatory. SCHIP would be expanded, affecting approximately 3,500 children at a cost of \$2,484 per child annually.

The 5% disregard is only applied if a child fails income eligibility. For example, if the child’s MAGI is 217%, they would be ineligible for CHIP. However, when the 5% MAGI disregard is applied, their MAGI is now 212% (217% - 5% = 212%) and they are eligible for CHIP under the 5% MAGI group. Additional costs amount to \$1,369,305 Gen Funds and \$2,977,695 Fed Funds in FY2013-14 and \$2,775,125 Gen Funds and \$5,918,875 Fed Funds in FY2014-15.

Children’s Health Insurance (SCHIP) ACA Section 2101F Population (DHHS)

2101F Separate SCHIP is a temporary program created under Section 2101(f) of the Affordable Care Act that will run from January, 2014, through December, 2015, and will impact SFY14-SFY16. This program will cover SCHIP eligibles for one year who no longer qualify for Medicaid and SCHIP due to the conversion to MAGI methodology. This new group resulted from a clarification by CMS of program requirements under the ACA therefore, the Department did not include any request for these funds in the FY2013-2015 budget submittal. These funds will be needed to cover the additional enrollees as coverage for this group is mandatory. CHIP services would be continued for an estimated 3,000 children at a cost of \$2,484 per child annually.

The converted Marginal Adjusted Gross Income (MAGI) income eligibility for this group is 213% for CHIP and 194% for pregnant women. If a child is over this income limit they would not qualify, but this provision provides for an additional year of eligibility. Additional costs amount to \$440,134

Gen Funds and \$957,116 Fed Funds in FY2013-14 and \$1,665,075 Gen Funds and \$3,551,325 Fed Funds in FY2014-15.

State Disabled - Medical (DHHS)

The State Disabled Program (SDP) – Medical provides medical coverage for persons with a disability that is expected to last longer than six months but shorter than twelve months. Historically, a look back to the original date of application allowed the State to retroactively change coding from SDP to Medicaid. Policy review determined this process was not accurate.

Due to DHHS no longer retroactively changing expenses from SDP to Medicaid back to the date of application, additional state general funds are needed. The State Disabled Program – Medical has a \$3 million General Fund deficit in both FY14 and FY15. In FY14, Program 347 will be able to assume \$900,000 of the increased cost with savings from Aid to Dependent Children (\$500,000) and Aged, Blind and Disabled (AABD) Special Rates (\$400,000), and a transfer of \$1,357,800 in formerly used Medicaid General Fund match for this population bringing the remaining deficit in FY14 to \$742,200 GF. In FY15 a transfer of \$1,401,900 in formerly used Medicaid General Fund match for this population will be used to offset the deficit bringing the remaining deficit to \$1,598,100 GF.

Finance Shortfall	FY2013-14	FY2014-15	2 Yr Total
Reallocate ADC	500,000	0	500,000
Reallocate AABD special rates	400,000	0	400,000
Reallocate Medicaid GF match	1,357,800	1,598,100	2,955,900
Additional Gen Fund Appropriation	742,200	1,598,100	2,340,300
Total State Disabled Medical Shortfall	(3,000,000)	(3,000,000)	(6,000,000)

Revised Program Costs, DHHS Programs (DHHS)

The Governors recommendation included three areas where an evaluation of year to date expenditures or other factors indicate excess appropriations in those programs. Actual year to date expenditure experience relates to the programs under Public Assistance, Medicaid, and administration of the Medicaid RX drug act. The budget as enacted included these base reductions as shown below.

Program	FY2013-14	FY2014-15	2 Yr Total
Medicaid RX Drug Act Admin (Prog 32)	(800,000)	(800,000)	1,600,000
Public Assistance (Prog 347)	0	(1,500,000)	(1,500,000)
Medicaid (Prog 348)	0	(4,622,744)	(4,622,744)
Base Adjustments, DHHS programs	(800,000)	(6,922,744)	(7,722,744)

Medicaid Part D Clawback Reduction (DHHS)

Mandatory state payments to the federal government to help finance the Medicaid Part D benefit for individuals eligible for both Medicare and Medicaid, known as dual eligibles has decreased. The payments are commonly called "clawback" payments. The current appropriation for this purpose is reduced by \$2.8 million in FY2013-14 and \$4.8 million in FY2014-15.

Reallocate ACA Contingency to Behavioral Health Aid (DHHS)

In the 2013 legislative session, behavioral health aid was reduced by \$15 million due to potential savings due to provisions of the Affordable Care Act (ACA). At the same time, \$10 million of general fund aid was appropriated to a new budget program as a contingency in the event that the ACA did not result in \$10 million of savings in behavioral health services. Behavioral health providers indicate it is likely that \$10 million of savings will not result from the ACA in FY15. The enacted budget changes shifts that \$10 million of General Funds back to Program 38 to provide aid to behavioral health providers in FY2014-15 and eliminate the contingency Program 46.

Developmental Disability Aid (DHHS)

The midbiennium budget changes include a substantial increase in funding for developmental disability aid. First, is \$2,595,048 General Funds and \$2,821,240 federal Medicaid funds to provide a 2% increase in provider rates for developmental disability providers in FY2014-15. Last session funds were included to implement a new rate methodology but no general provider rate increase.

The second item is an additional \$4,745,000 General and \$5,776,064 Federal (Medicaid) as state aid to provide services to persons on the developmental disability waiting list in FY2014-15. Funding is also included to add 9.5 FTE administrative and service coordination staff to assist in the provision of services to individuals taken off of the waiting list (\$255,000 General, \$289,000 Federal).

State Ward Permanency Pilot Project (DHHS)

Funding is provided for the State Ward Permanency Pilot Project. The purpose of the pilot project is to provide developmental disabilities services to state wards in order to provide optimal habilitative supports and promote permanency. The pilot project would serve state wards who are eligible for developmental disabilities services but do not qualify for priority status and state wards who are in need of habilitative supports to achieve permanency. The Project will collect data on the impact of the services, the number of state wards participating who achieve permanency, the stability of the placements for these youth and the impact of the support to families before and after permanency is achieved. The data will be submitted to the Foster Care Review Office for analysis. The Foster Care Review Office will report to the Health and Human Services Committee every six months during the length of the project. The total amount appropriated for the project is \$3,000,000 with \$972,000 reallocated from Child Welfare Aid; \$528,000 additional General Funds and \$1,500,000 from federal Medicaid matching funds.

Rural Health Incentive Funding (DHHS)

An additional \$150,000 is provided in FY 15 for the Rural Health Incentive Program. There are two different incentive programs, a student loan forgiveness program and a loan repayment program that requires a community match equal to the amount of the state match. Cash funds equal to the amount of the General Fund appropriation are provided to allow the Rural Health Advisory Committee the maximum flexibility in deciding the distribution of the funding.

Federally Qualified Community Health Centers (DHHS)

The mainline budget adjustment bill includes additional FY2014-15 aid to the six Federally Qualified Health Centers (FQHC); \$250,000 General Funds and \$750,000 from the Health Care Cash Fund in.

Emergency Management Services Aid (DHHS)

An additional \$212,000 General Funds is included for aid to emergency management services (EMS) for training. Prior appropriations equal to this amount were never fully expended on EMS training. The full appropriation amount is transferred from Program 033 Administration to the Program 514 Health Aid.

Community Aging Services Aid (DHHS)

General Fund aid community-based aging services is increased by \$1 million starting in FY14-15 financed by a reduction in Medicaid General Fund appropriations of a like amount.

LB 690 Aging Nebraskans Task Force (DHHS)

LB690 creates the Aging Nebraskans Task Force to facilitate implementation of a statewide strategic plan for addressing the needs of Nebraska's aging population. The task force will report its recommendations to the Legislature by December 15, 2014 and terminate June 30, 2016, unless extended by the Legislature.

This bill requires the Department of Health and Human Services (DHHS) to apply for a grant under State Balancing Incentive Payment Program (BIPP) by September 1, 2014. Under this program Nebraska would be eligible to receive a 2% increase in federal matching funds to enhance home and community-based services. The additional enhanced match would be approximately \$3.1 million in FY 15 and \$6.2 million in FY 16. The freed up general funds would generate \$5.8 million in FY 15 and \$11.6 million in FY 16.

Clients on the home and community-based waiver or those under managed care would not be eligible under the BIPP grant. DHHS currently provides case management services to clients on the home and community-based waiver and its assumed case management would be extended to all clients served under the BIPP grant. HHS estimates there are approximately 4,966 who would receive case management services. Case management services currently cost \$193 per month per client. The total cost for half of FY 15 would be \$5,750,628 (\$2,629,187 GF and \$3,121,441 FF) and \$11,501,256 (\$5,528,374 GF and \$6,242,882 FF) for a full year in FY 16.

The changes that would be done under the BIPP have the potential to shift services from institutional care to home and community based care. Further study would need to be done to determine the extent of the savings that would result from the shift to more home and community-based services

Resources Development Fund (Natural Resources)

A total of \$492,793 General Funds appropriated to the Department of Natural Resources for the Water Funding Task Force in FY2013-14 is lapsed back to the General Fund. This funding represents the unused portion of the \$1,000,000 General Fund appropriation approved under LB

517A of 2013. This lapsed amount plus an additional \$10 million provides a total of \$10,492,793 General Funds which is appropriated to the Resources Development Fund in the Department of Natural Resources in FY2014-15. The additional funding is intended to expedite the cash flow of approved projects in conjunction with the ongoing \$3,140,325 General Fund appropriation. It is anticipated that the program will not require additional funding after the FY15-17 biennium.

Inmate Per Diem and Medical Costs (Correctional Services)

The budget includes additional funds for the Department of Correctional Services (DCS) related to increased inmate population and medical costs.

<u>Item</u>	<u>FY2013-14</u>	<u>FY2014-15</u>	<u>2 Yr Total</u>
Inmate medical expenses	3,000,000	3,000,000	6,000,000
Inmate per diem expenses	950,000	1,050,000	2,000,000
Total	<u>3,950,000</u>	<u>4,050,000</u>	<u>8,000,000</u>

Increased population and increasing costs for food, clothing, and other inmate-related institutional items directly impacts the expenses of the Department of Correctional Services (DCS). DCS will use additional funding for per diem expenses to provide food, clothing, and other basic needs to the inmate population

The Department of Correctional Services (DCS) continues to experience a significant increase in medical expenses. DCS estimates FY2014 medical costs of \$23.5 million. Actual medical operating expenses for FY2010 were \$15.5 million and for FY2013 they had increased to \$19.9 million. The annual average cost per inmate for medical services has continued to increase: in FY2010 it was \$3,412 and by FY2013 it was \$4,123. It is estimated to be \$4,892 in FY2014. Medical services that are not available in secure facilities and must be provided in the community account for almost all of the estimated increase. These are services such as surgery, specialty visits (cardiac, respiratory, digestive, endocrine and metabolic disease), and emergency services (including physician emergency services after hours). DCS provides only primary care in the secure facilities. DCS notes that as the inmate population ages, the need for these services is expected to rise. DCS has 847 inmates age 50 and older, an increase from 671 (or 26.2%) approximately one year ago. Older inmates generally require more care than an individual in the same age group who has not been in prison. DCS is required to provide inmates with the community standard of medical care.

Prison Capacity Issues (Correctional Services)

Despite a significant increase in the number of parolees in the past two years, the Nebraska Department of Correctional Services (DCS) has experienced a marked increase in the overall inmate population at the various correctional facilities in the state which is creating capacity issues. As of January 31, 2014, the inmate population was 154.90% of design capacity. Last session funding was provided in FY2013-14 and FY2014-15 for DCS to prepare a program statement providing for a comprehensive and updated long-range capital construction master plan for all state correctional facilities. This study will be completed in the fall of 2014.

The Legislature, following the proposals of the Governor, funded the following items that are intended to address the immediate short-term capacity needs: The Legislature also included intent language that DCS investigate the feasibility of leasing the former Lancaster County jail

facility located in Air Park, and whether leasing this facility could be part of the long-term plan for addressing the overcrowding of current Department facilities

<u>Item</u>	<u>FY2013-14</u>	<u>FY2014-15</u>	<u>2 Yr Total</u>
Maximize existing bed space	127,020	762,122	889,142
McCook Work Ethic camp beds	30,348	150,410	180,758
Temporary housing, county jails	723,604	4,226,625	4,950,229
Issue Total	880,972	5,139,157	6,020,129

Maximize Existing Facility Bed Space – DCS currently contracts with the U.S. Marshal Service to house federal inmates in Nebraska prison facilities. Nebraska houses approximately 20 such inmates and the cost for these inmates is covered with federal funds. Returning these inmates to federal custody to reclaim these beds requires an increase in the General Fund appropriation of \$127,020 in FY14 (two months), and \$762,122 in FY15 (full year).

Increase Available McCook Work Ethic Camp (WEC) Beds – This item will increase WEC beds to 200. This increase in capacity would be allocated as follows: 40 beds for additional inmates and 12 reserved for probationers. Increasing WEC capacity and inmate count require three additional staff, at a cost of \$30,348 General Funds in FY14 (two months) and \$150,410 General Funds in FY15 (full year).

Manage Facility Capacity Issues – A number of county jail facilities in the state have available empty beds. In order to temporarily ease current DCS capacity issues, this item provides funding for DCS to contract with willing counties to house up to 150 Nebraska inmates in county jails. The net cost to DCS to house 150 inmates at the county level is estimated to require additional General Fund appropriations of \$723,604 in FY2013-14 (two months) and \$4,226,625 in FY2014-15 (full year). This is considered one-time funding with longer term solutions included as part of the prison population reform under LB 907..

LB 907 Prison Population Reforms (Correctional Services)

LB 907 enacts several programs relating to reduce prison population at both the front end (probation and reporting centers) and back end (release and reentry).

<u>Item</u>	<u># Positions (est)</u>		<u>GF Appropriation</u>	
	<u>FY14-15</u>	<u>FY15-16</u>	<u>FY14-15</u>	<u>FY15-16</u>
<u>Reporting Centers:</u>				
New and Expanded Reporting Centers	35.00	35.00	3,800,000	3,800,000
Mental Health Services	--	--	5,000,000	5,000,000
Subtotal – Reporting Centers	35.00	35.00	8,800,000	8,800,000
<u>Vocational and Life Skills Program</u>				
Reentry programming and Treatment Staff	24.0	24.0	1,500,000	1,500,000
Aid for Voc Training Outside DCS Facilities	--	--	3,500,000	3,500,000
Subtotal – Vocational and Life Skills	29.0	29.0	5,000,000	5,000,000
<u>Reentry Plans</u>	5.0	5.0	269,362	252,337
<u>Nebraska Center for Justice Research</u>	--	--	200,000	200,000
Total General Funds	64.0	64.0	14,269,362	14,363,227

Reporting Centers: LB 907 provides funds for additional Reporting Centers and expands services at current Reporting Centers. It also expands mental health services at Reporting Centers.

There are now 7 full reporting centers with one center sharing staff and services: Douglas, Lancaster, Sarpy (and Otoe), Dakota, Dawson, Buffalo, and Scottsbluff. Each reporting center consists of the following: Coordinator, Probation Officer Assistant, two Drug Technicians, and Secretary. In addition, there is usually one or more Specialized Substance Abuse Supervision (SSAS) Probation Officer, each with a caseload of 24. State General Funds pay for reporting center staff and cash funds from offender fees pay for services. The county pays for the reporting center building and ongoing operations cost.

Additional funds in LB 907 will provide for three new SSAS reporting center sites (Hall, Platte and possibly Madison, Lincoln or Dodge), expansion of SSAS officers in existing sites currently over capacity, and addition of SSAS officers to a current reporting center without SSAS.

Vocational and Life Skills Program: The bill creates the Vocational and Life Skills Program in the Department of Correctional Services (DCS), and requires that all inmates receive a reentry plan when they have served at least 80% of their sentence.

\$1.5 million would be used for reentry programming, including behavioral health, inside DCS facilities. The position of Reentry Program Coordinator is created by this bill. Other staff initially identified to fulfill the responsibilities of the new Program are a Program Manager, Contract Monitor (Buyer II), Grant Administrator, and Staff Assistant II. Salary and benefits for these positions are estimated at \$307,250. Capital outlay costs for office furnishings and computer equipment for the above staff are estimated at \$20,000. Operating costs would include office space (initially planned in Omaha) and a contract for quarterly evaluations to determine the effectiveness of the projects funded with aid dollars. The estimated total is \$300,000. The remaining amount from the \$1.5 million will be used for treatment staff to expand programs such as Anger Management, Domestic Violence, and Substance Abuse.

\$3.5 million per year is for aid that will be used outside DCS facilities for vocational training provided by community colleges and community-based and non-profit providers. DCS will develop a grant process for this aid and will monitor and track the funds awarded to ensure programming is delivered as agreed upon and is meeting the identified needs of inmates and communities.

Reentry Plans: The bill requires that all inmates receive a reentry plan when they have served at least 80% of their sentence. DCS states that approximately 2,670 inmates were released from DCS facilities in CY2013. Currently DCS reentry officers complete a written plan for reentry for all parolees (1,765 in CY2013). In order to provide a written reentry plan for the additional 905 inmates annually who do not currently receive a reentry plan, DCS would need to add three (3) reentry officers and two (2) social workers. Currently, social workers work with higher needs inmates preparing for discharge. The need for social work services is typically identified as the reentry plan is created prior to parole.

Nebraska Justice Reinvestment Working Group: This 16 member working group will be selected by the Governor, Chief Justice of the state Supreme Court and Speaker of the

Legislature to assist the Council of State Governments Justice Center in developing potential legislative solutions for the problems associated with prison overcrowding. The study is to include a broad range of issues including but not limited to alternatives to incarceration, reentry programming and transition, prison programming, and recidivism rates. A report is to be completed by Sept. 1, 2015.

Nebraska Center for Justice Research: The bill would create the Nebraska Center for Justice Research at the University of Nebraska. The mission of the center shall be to develop and sustain research capacity internal to the State of Nebraska to assist the Legislature in research, evaluation, and policymaking to reduce recidivism, promote the use of evidence-based practices in corrections, and improve public safety. The University estimates staff and related costs for the Center at \$200,000 per year.

Legal Education for Public Service and Rural Practice Loan Repayment Act: LB 907 revised the existing Legal Education for Public Service Loan Repayment Act, to include support for attorneys who work in less-populated rural areas of Nebraska (rural legal profession shortage areas). LB907A transfers \$500,000 from the General Fund to the Legal Education for Public Service and Rural Practice Loan Repayment Assistance Fund in FY2014-15 for this expanded use.

Pediatric Cancer Research (University of Nebraska)

The budget includes \$1.8 million for pediatric cancer research at the University of Nebraska Medical Center (UNMC). Currently, Nebraska ranks third in the nation per population in the number of cases of childhood cancer. Funding would allow UNMC to hire two new researchers to develop new therapies and treatments. State funding will allow UNMC to leverage additional federal and private funding.

Relocation of Leased Space (Historical Society)

Funding of \$691,686 in FY2013-14 and \$485,086 in FY2014-15 is provided for the Nebraska State Historical Society to acquire new leased space. The funding will allow NSHS to consolidate three locations (archeology lab, the archeology collection, and the historic records currently stored at the K St. facility) into a single space. The Experian building has become available as new leased space at a rate of \$10/sf for 20,000 sf. This will be a long-term lease (10+ years). Funds provided would be used for lease payment, purchase space saving storage shelving, and moving costs. The funding provides a long-term solution that will address space needs for years to come. Current space is inadequate to house historical artifacts, papers, and collections.

**Total
Appropriations
All Funds**

Total Appropriations – All Funds

Table 17 shows the total appropriation from all fund sources as enacted in the 2013 legislative session with budget adjustments made in the 2014 session.

While this report provides a narrative description of the major changes enacted during the 2014 Session, the reader should refer to the 2013 Biennial Budget Report for a more detailed description of the budget actions taken in that session for the initial enactment of the FY14 / FY15 biennial budget.

Table 17 Total Appropriations - All Funds

FY2012-13	General	Cash	Federal	Rev/Other	Total
Adjusted Per 2012 Session	3,632,423,755	1,854,087,842	2,676,111,718	843,560,595	9,006,183,910
2013 Session Deficits	(13,923,316)	(2,079,313)	(3,796,263)	(708,621)	(20,507,513)
2013 Session State Claims	825,270	1,200,000	0	150,000	2,175,270
2013 Session "A" bills	1,000,000	0	0	0	1,000,000
Final Appropriation per 2013 Session	3,620,325,709	1,853,208,529	2,672,315,455	843,001,974	8,988,851,667
FY2013-14	General	Cash	Federal	Rev/Other	Total
Total Per 2013 Session	3,838,168,907	2,054,629,664	2,875,826,694	816,730,442	9,585,355,707
2014 Session-Committee Proposed	(2,075,683)	11,298,815	20,682,149	6,350,000	36,255,281
2014 Session State Claims	1,467,753	0	0	2,787,803	4,255,556
2014 Session Floor Actions	0	2,400,000	0	0	2,400,000
2014 Session Vetoes	(7,730,467)	(2,533,803)	0	0	(10,264,270)
2014 Session Overrides	7,727,467	110,198	0	0	7,837,665
2014 Session "A" bills	3,681,544	1,628,000	0	0	5,309,544
<i>2014 Deficits</i>	3,070,614	12,903,210	20,682,149	9,137,803	45,793,776
Final Total - 2014 Session	3,841,239,521	2,067,532,874	2,896,508,843	825,868,245	9,631,149,483
Change over prior year (without deficits)					
Dollar	205,745,152	200,541,822	199,714,976	(26,830,153)	579,171,797
Percent	5.7%	10.8%	7.5%	-3.2%	6.4%
FY2014-15	General	Cash	Federal	Rev/Other	Total
Total Per 2013 Session	4,040,892,665	2,044,309,317	2,892,865,676	764,788,062	9,742,855,720
2014 Session-Committee Proposed	2,102,822	64,957,520	3,295,456	22,351,900	92,707,698
2014 Session Floor Actions	110,322	0	0	0	110,322
2014 Session Vetoes	(17,200,812)	(18,257,520)	(4,321,240)	(14,201,900)	(53,981,472)
2014 Session Overrides	17,162,476	17,696,556	4,321,240	14,201,900	53,382,172
2014 Session "A" bills	62,758,057	28,664,313	17,357,217	180,594	108,960,181
Post 2014 Session	0	0	0	0	0
<i>2014 Session Midbiennium Actions</i>	64,932,865	93,060,869	20,652,673	22,532,494	201,178,901
Total Per 2014 Session	4,105,825,530	2,137,370,186	2,913,518,349	787,320,556	9,944,034,621
Change over prior year (without deficits)					
Dollar	267,656,623	82,740,522	37,691,655	(29,409,886)	358,678,914
Percent	7.0%	4.0%	1.3%	-3.6%	3.7%

Table 18 Listing of 2014 Session "A" Bills

Description	Fund	Approp FY2013-14	Approp. FY2014-15	Estimated FY2015-16	Estimated FY2016-17
LB 191 Nebr Job Creation and Mainstreet Revitalization Act	General	0	395,929	122,100	122,100
LB 191 Nebr Job Creation and Mainstreet Revitalization Act	Cash	0	0	153,909	153,909
LB 254 Autism insurance coverage, amino acid-formulas	General	0	622,500	1,574,467	1,574,467
LB 276 Medicaid plan, TEEOSA, early intervention act	General	0	42,746	42,746	1,825,746
LB 276 Medicaid plan, TEEOSA, early intervention act	Federal	0	2,742,746	13,542,746	16,242,746
LB 359 Eligibility redeterminations, child care subsidy	General	0	370,152	787,968	787,968
LB 371 Transparency in Government Procurement Act	Revolving	0	145,800	0	0
LB 383 Provide for Nebraska Armed Forces Pride Plates	Cash	0	0	55,138	55,138
LB 438 Priority schools, intervention teams	General	81,544	776,832	776,832	776,832
LB 464 Juveniles, court jurisdiction, indictment procedures	General	0	5,426,692	8,649,784	17,751,013
LB 464 Juveniles, court jurisdiction, indictment procedures	Cash	250,000	250,000	250,000	250,000
LB 464 Juveniles, court jurisdiction, indictment procedures	Federal	0	(235,000)	(235,000)	(235,000)
LB 560 Enforcement, certain labor and employment acts	General	0	154,445	155,731	155,731
LB 660 Extend pilot project, case management contract	General	0	75,000	0	0
LB 661 Voter registration, website and use of DMV records	General	0	50,000	0	0
LB 661 Voter registration, website and use of DMV records	Cash	0	104,787	45,332	45,332
LB 687 Change application procedures, real estate licenses	Cash	0	31,920	33,060	33,060
LB 690 Aging Nebraskans Task Force	General	0	2,857,248	5,335,568	5,335,568
LB 690 Aging Nebraskans Task Force	Federal	0	12,269,579	17,917,348	17,917,348
LB 725 Change TEEOSA provisions, local effort rate	General	0	32,929,695	0	0
LB 744 Nebraska Sesquicentennial Commission	General	0	94,000	94,000	94,000
LB 751 Nebraska Benefit Corporation Act	Cash	0	10,640	0	0
LB 814 Sales tax on watercraft / ATV to Game & Parks	General	0	44,485	0	0
LB 814 Sales tax on watercraft / ATV to Game & Parks	Cash	0	3,149,883	3,709,383	3,709,383
LB 853 Changes, Young Adult Voluntary Services & Support	General	0	550,968	685,207	685,207
LB 853 Changes, Young Adult Voluntary Services & Support	Federal	0	781,893	918,831	918,831
LB 867 Sales tax exemptions, sports arena throwback	General	0	52,700	45,200	45,200
LB 867 Sales tax exemptions, sports arena throwback	Cash	1,378,000	1,265,000	0	0
LB 901 Psychology internship, Behavioral Health Ed Center	General	0	374,000	417,750	578,875
LB 907 Supervised release, reentry, Voc & Life Skills	General	0	14,269,362	14,252,337	14,252,337
LB 907 Supervised release, reentry, Voc & Life Skills	Cash	0	152,500	151,500	151,500
LB 920 Adopt the Public Guardianship Act	General	0	886,687	1,504,821	1,504,821
LB 923 Training, suicide awareness and prevention	General	0	142,000	142,000	142,000
LB 941 Provide for a dairy growth study	Cash	0	32,000	0	0
LB 961 Firefighting compact, workers' and short term comp	Federal	0	1,797,999	1,576,853	1,576,853
LB 967 TEEOSA, Ed Innovation, early childhood	General	0	0	600,000	2,300,000
LB 967 TEEOSA, Ed Innovation, early childhood	Cash	0	1,540,227	2,049,727	2,049,727
LB 974 DHHS budgeting and strategic planning, pre-audits	Revolving	0	34,794	32,989	32,989
LB 983 Changes, commercial drivers license, learners permit	Cash	0	494,968	594,713	594,713
LB 986 Change homestead exemption income limitations	General	0	4,621,000	5,468,000	5,601,000
LB 987 Index income tax brackets, SS exemption	General	0	176,966	44,338	44,338
LB 994 Change vital statistics fees	General	0	500,000	0	0
LB 994 Change vital statistics fees	Cash	0	487,484	503,462	503,462
LB 999 Planning-Hastings Correctional Behavioral Health	General	0	(2,897,000)	2,897,000	0
LB 1016 Purchase a state aircraft, authorization	General	3,600,000	0	0	0
LB 1042 Changes, school retirement and PERB duties	Cash	0	94,904	89,904	89,904

(Continued)	Fund	Approp. FY2013-14	Approp. FY2014-15	Estimated FY2015-16	Estimated FY2016-17
LB 1087 Homestead exemption, disabled veterans	General	0	0	406,000	416,000
LB 1098 Membership / duties, Natural Resources Comm.	General	0	41,650	18,700	18,700
LB 1098 Membership / duties, Natural Resources Comm.	Cash	0	21,000,000	11,000,000	11,000,000
LB 1114 Change termination date, econ develop programs	Cash	0	50,000	0	0
LB 1115 Power Review Board, study and state policy	General	0	200,000	0	0
General		3,681,544	62,758,057	44,020,549	54,011,903
Cash		1,628,000	28,664,313	18,636,128	18,636,128
Federal		0	17,357,217	33,720,778	36,420,778
Revolving		0	180,594	32,989	32,989
NCCF		0	0	0	0
Total		5,309,544	108,960,181	96,410,444	109,101,798

While a complete listing of all items is contained in Appendix A, the major cash, federal, and revolving/NCCF items are shown in Table 19 below. With respect to cash and federal funds, most of the items listed are related to a General Fund issue described in the General Fund section of this report. For the largest cash fund and NCCF items a narrative description follows the table.

Table 19 Significant Non-General Fund Budget Adjustments – 2014 Session

Major Items - Cash Funds	FY2013-14	FY2014-15	2 Yr Total
Revenue-Property Tax Credit Cash Fund	0	25,000,000	25,000,000
LB 1098 Water Sustainability Fund appropriation.	0	21,000,000	21,000,000
Game & Parks - Improvement and Maintenance Fund	0	17,500,000	17,500,000
DED-Job Training Cash Fund	0	10,000,000	10,000,000
DHHS-Upper Payment limit. DHHS and UNMC	0	7,700,000	7,700,000
Game & Parks-Environmental Trust Grant Funding Increase	4,250,000	2,000,000	6,250,000
LB 814 Sales tax on watercraft / ATV to Game & Parks	0	3,149,883	3,149,883
Treasurer-Convention Center and Sports Arena Support Funds	2,820,180	0	2,820,180
Labor-Dept. of Labor Retirement Plan Settlement	2,773,000	0	2,773,000
LB 867 Sales tax exemptions, sports arena throwback payments	1,378,000	1,265,000	2,643,000
LB 967 TEEOSA, Ed Innovation, early childhood	0	1,530,000	1,530,000
Tourism Commission-Increased cash fund expenditure authority	350,000	750,000	1,100,000
Education-Additional Authority for Excellence in Teaching	400,000	400,000	800,000
DHHS-Increase funding, community health centers	0	750,000	750,000
Revenue-Gamblers Assistance (several items)	360,198	260,428	620,626
LB 983 Changes, commercial driver's licenses and learner's permits	0	494,968	494,968
LB 994 Change vital statistics fees	0	487,484	487,484
Banking-Indemnification Claims litigation expense assessment	200,000	0	200,000
Motor Vehicles-Replace Vehicle, Title, Registration System	0	271,128	271,128
State Patrol-Medical cost payment, Regional West Medical Center	203,889	0	203,889
All Other	167,943	501,978	669,921
TOTAL CASH FUNDS	12,903,210	93,060,869	105,964,079

Major Items - Federal Funds	FY2013-14	FY2014-15	2 Yr Total
Labor-Dept. of Labor Retirement Plan Settlement	19,189,538	0	19,189,538
LB 690 Aging Nebraskans Task Force	0	12,269,579	12,269,579
DHHS-Upper Payment limit. DHHS and UNMC	0	9,200,000	9,200,000
DHHS-MAGI Eligibility Rules Under ACA (SCHIP)	2,977,695	5,918,875	8,896,570
DHHS-Increase funding, waiting list - developmental disability aid	0	5,776,064	5,776,064
DHHS-ACA Section 2101F Population (SCHIP)	957,116	3,551,325	4,508,441
DHHS-2% increase in provider rates - developmental disability aid	0	2,821,240	2,821,240
LB 276 Medicaid plan, TEEOSA, early intervention act	0	2,700,000	2,700,000
LB 961 Firefighting compact, workers' comp, short term comp	0	1,797,999	1,797,999
DHHS-State Ward Permanency Pilot project (LB 936)	0	1,500,000	1,500,000
DHHS-Lower 2013 FMAP	0	(16,919,325)	(16,919,325)
DHHS-State Disabled - Medical	(1,642,200)	(1,598,100)	(3,240,300)
DHHS-Base Adjustment, Medicaid	0	(5,269,710)	(5,269,710)
DHHS-Base Adjustment, Medicaid RX Drug Act Admin.	(800,000)	(800,000)	(1,600,000)
DHHS-Reduce Medicaid, shift to community aging services (LB689)	0	(1,173,913)	(1,173,913)
All Other	0	878,639	878,639
TOTAL FEDERAL FUNDS	20,682,149	20,652,673	41,334,822

Major Items – NCCF / Revolving	FY2013-14	FY2014-15	2 Yr Total
DAS-IMS Increased Spending Authority	6,000,000	6,500,000	12,500,000
DAS-State Capitol HVAC system replacement (NCCF)	0	11,701,900	11,701,900
DAS-State Claims (included in Claims Bill)	2,787,803	0	2,787,803
DAS-State Capitol courtyard fountains (NCCF)	0	2,500,000	2,500,000
DCS-Infrastructure and maintenance (NCCF)	0	1,500,000	1,500,000
All Other (Revolving)	350,000	330,594	680,594
TOTAL NCCF / REVOLVING FUNDS	9,137,803	22,532,494	31,670,297

Convention Center and Sports Arena Support Funds (Treasurer)

The Convention Center Facility Financing Assistance Act (as amended by LB551-2007) provides that sales tax revenue collected by retailers and operators doing business at an approved convention and meeting center facility, sports arena facility, or associated hotel be allocated to the Convention Center Support Fund. Of this amount, 70% goes back to the relevant political subdivision and 30% goes to the Local Civic, Cultural, and Convention Center Financing Fund. A total of \$4,028,827 was certified to be credited to the Convention Center Support Fund of which \$2,580,939 is remitted back to Omaha, \$239,241 is remitted back to Ralston, and \$1,208,649 transferred to the Local Civic, Cultural, and Convention Center Financing Fund.

LB 867 provided that determination, certification and subsequent remittance of monies from Sports Arena Facility Support Fund be done on a quarterly rather than annual basis. While not changing the overall amount received under the current law over the life of the project, the bill does create an initial increase in cash flow of the first two years amounting to \$1,378,000 in FY13-14 and \$1,265,000 in FY14-15.

Property Tax Credit Cash Fund (Revenue)

Enacted in 2007, under this program transfers are made to the Property Tax Credit Cash Fund at the discretion of the Legislature. Based on the amount of funds available, monies are then allocated to counties by the ratio of the real property valuation in the county to the real property valuation in the state. Counties then allocate funds as credit to each tax payer again based on their proportionate value. The FY14/FY15 originally enacted budget provides for \$115 million of credits each year financed by a combination of General Fund transfers (\$110 million in FY2012-13 and \$113 million in FY2013-14 and FY2014-15) and interest that will be earned on the fund balance from the time of transfer to the time of reimbursement payments to the counties, and credits calculated but unpaid relating to properties receiving homestead exemptions.

The 2014 budget adjustments include increasing the credit amount by \$25 million from \$115 million to \$140 million. This would be financed with a transfer from the General Fund to the Property Tax Credit Cash Fund with an accompanying cash fund appropriation. The \$25 million increase would equate to a 3.3% annual increase applied to the first full year in 2008. While this percent increase is under the 5.9% average growth in property valuation, it exceeds the 2.5% average growth in the General fund budget since 2008.

The following table shows the amount of credit by tax year with the 2014 amount estimated at both the \$115 million level and \$140 million level. In both cases, 2014 valuation is estimated at a 8.4% increase which is the estimate used for calculation of TEEOSA aid for FY2015-16.

<u>Tax Year</u>	<u>State Total Credit</u>	<u>Valuations (Real Property Only)</u>	<u>Credit Per \$100,000 Value</u>
2007	\$105,000,000	126,173,249,573	\$83.22
2008	\$115,000,000	133,526,060,086	\$86.13
2009	\$115,000,000	139,872,647,990	\$82.22
2010	\$115,000,000	145,728,785,008	\$78.91
2011	\$115,000,000	152,707,187,248	\$75.31
2012	\$115,000,000	160,846,501,888	\$71.50
2013	\$115,000,000	174,325,264,970	\$65.97
<u>2014 Projected</u>			
No increase	\$115,000,000	188,898,857,121	\$60.88
With \$25 million	\$140,000,000	188,898,857,121	\$74.11

Retirement Plan Settlement (Labor)

The Department of Labor requested an increase in Reed Act appropriations to fund a proposed settlement agreement related to the class action lawsuits brought in 2010 by employees and retirees who are members of the Department of Labor Retirement Plan. This plan was established in 1961 and closed to new members in 1984 in response to federal regulatory changes. The U.S. Dept. of Labor agreed to subsidize the plan through a supplemental appropriation process until such time as the retirement plan was fully-funded. The USDOL considered continued employee contributions to be a condition of its agreement to subsidize the unfunded retirement plan liability. In 1994, the then Commissioner of Labor agreed to an employee committee's recommendation to cease all employee and employer contributions to the

retirement plan because the plan was believed then to be fully-funded. This triggered the end of federal subsidization of the retirement plan and set the stage for the retirement plan's future funding problems and the resultant lawsuits. Total funding for the settlement amounts to \$2,773,000 cash funds and \$19,189,538 federal funds.

Replace the Vehicle Title Registration System (Motor Vehicles)

The budget includes establishment of a new Vehicle Title Registration System Replacement and Maintenance Cash Fund to be administered by the Department of Motor Vehicles (DMV). LB 906 includes language to create the cash fund and to transfer \$12.5 million from the DMV Cash Fund to the newly created fund. The fund shall be used by the department to pay for costs associated with the acquisition, implementation, maintenance and support, upgrades and replacement of the vehicle titling and registration computer system. An appropriation of \$271,128 of cash funds is made for FY2014-15 in LB 905 to identify a replacement vehicle title registration system, associated costs and financing options. DMV is required to report to the Legislature regarding the use of the funds and progress made in identifying a new system on or before July 31, 2015. This item was originally included in LB 738.

Health Care Cash Fund Transfer (DHHS)

An additional \$1 million per year is transferred into the Health Care Cash Fund beginning in FY 15 to reflect the increase of \$750,000 for the Federally Qualified Health Centers and to conform the transfer amount to the appropriation amount.

Upper Payment Limit. DHHS and UNMC (DHHS)

The Department of Health and Human Services (HHS) and the University of Nebraska Medical Center (UNMC) have designed a process, allowable by the federal Centers for Medicare and Medicaid and similar to others that are in place in Nebraska, that allows certain revenues from UNMC to be transferred to DHHS; the transferred revenues will be used to as a match for additional Medicaid funds. The cash and federal funds together will then be paid to UNMC. In Program 348 – Medicaid, the cash fund authority is increased by \$7.7 million and the federal fund estimated by \$9.2 million in FY 15 to reflect the additional revenue and expenditures.

Water Sustainability Fund (Natural Resources)

One of the mainline budget bills, LB906, included creation of the Water Sustainability Fund in the Department of Natural Resources. Fund creation language includes legislative intent that \$21,000,000 General Funds be transferred to the Water Sustainability Fund in FY2014-15 and that \$11,000,000 General Funds be transferred to the Water Sustainability Fund in each fiscal year beginning in FY2015-16. LB 906 includes a \$21,000,000 transfer from the General Fund to the Water Sustainability Fund. Of this transfer, \$10,000,000 is considered a one-time item and is covered by a like transfer from the Cash Reserve Fund to the General Fund.

The fund would be used in accordance with guidelines established in LB 1098, and for the administrative costs of the Department of Natural Resources. While the mainline bills created the fund and transferred monies to the fund, the actual appropriation that will allow the funds to be expended would be carried out via LB 1098A.

Environmental Trust Grant Fund (Game and Parks)

The Nebraska Environmental Trust Fund was established for the purpose of conserving, enhancing, and restoring the natural physical and biological environment in Nebraska using money from the operation of lottery games. The Nebraska Environmental Trust Board is responsible for allocating available lottery funds to eligible projects. Due to an increase in lottery funds the Board requested an increase in their cash fund appropriation in order to give them the authority to use this money for grant projects. The increase in cash fund spending authority amounted to \$4,250,000 in FY13-14 and \$2,000,000 in FY14-15.

Job Training Funding (Economic Development)

The budget adjustments includes the transfer of \$10,000,000 from the Cash Reserve Fund (through the General Fund) to the Job Training Cash Fund in the Department of Economic Development in FY2014-15. This fund is used to provide employee training assistance to businesses that maintain, expand and diversify the state's economic base and in the process, retain and create quality jobs for Nebraska residents. Because the existing balance of the Job Training Cash Fund is committed to qualified projects, additional funding is required to allow the Department the flexibility to offer job training grants to companies seeking to locate or expand operations in the state. A corresponding \$10,000,000 cash fund appropriation increase in FY2014-15 will allow the Department of Economic Development to expend the additional funds as needed.

Game & Parks Improvement / Maintenance Fund (Construction)

In the 2014 there were three bills assigned to the Appropriation Committee's relating to improvement and maintenance of Game and Parks facilities. The provisions of these three bills were incorporated into the mainline budget bill by providing a \$15 million transfer from the Cash Reserve Fund (through the General Fund) and a \$2.5 million transfer from the State Recreation Road Fund to the Commission for deferred maintenance and improvement projects at state parks. This will accommodate twelve new replacement cabins and a new aquatic feature to replace the pool at Ponca State Park, deferred maintenance and improvements at Arbor Lodge State Historical Park that will facilitate a local partner assuming operation and maintenance responsibility, and making headway on the \$44 million worth of statewide deferred maintenance and ADA needs identified by the Commission.

The Legislature also enacted LB814 which earmarks sales and use tax from the sale or lease of motorboats, personal watercraft, all-terrain vehicles and utility-type vehicles (roughly \$3.5 million) for the repair, maintenance, and improvement of Game and Park's infrastructure.

Correctional Services Infrastructure & Maintenance (Construction)

Over the years, the 309 Task Force has provided the Department of Correctional Services (DCS) with significant funding for deferred repair, ADA, fire/life safety, and energy conservation projects. DCS was notified by the 309 Task Force that their strategy for the remainder of the fiscal year would be to consider only emergency requests for DCS, due to their thin financial resources. The Governor recommended an appropriation from the Nebraska Capital Construction Fund (NCCF)

of \$1,500,000 in FY2014-15 to a separate capital construction budget program to provide funding for high priority infrastructure maintenance and repair projects. The enacted budget includes this funding.

State Capitol Courtyard Fountains (Construction)

The 2014 mid-biennium budget adjustments include \$2,500,000 from the Nebraska Capital Construction Fund for installation of fountains to be located in each of the four Nebraska State Capitol courtyards consistent with the original design of the building. The funding will also accommodate infrastructural improvements to support operation and maintenance of the fountains as well as associated courtyard landscape restoration.

State Capitol HVAC Systems Replacement (Construction)

In response to a directive contained in LB198 [2013], the Office of the Nebraska Capitol Commission updated the Nebraska State Capitol HVAC Master Plan which was originally compiled in 2007. The Master Plan Amendment, dated September 20, 2013, provides an analysis of existing Capitol heating, ventilating, and air conditioning (HVAC) systems, the majority of which date to a 1964 systems renovation. In addition, the Master Plan Amendment recommends a seven-phase, 10-year project to renovate the existing Capitol HVAC systems and complete associated infrastructure, fire protection, life safety and architectural improvements. Consistent with cost and cash flow estimates contained in the Master Plan Amendment, the budget includes funding to accommodate finalization of engineering and architectural planning and to initiate and complete the project over ten fiscal years. A FY2014-15 appropriation of \$11,701,900 from the Nebraska Capital Construction Fund (NCCF) covers the first three years of the project. The source of the NCCF monies is a transfer from the Cash Reserve Fund.

<u>Fiscal Yr</u>	<u>Amount</u>	<u>Fund</u>
2014-15	2,306,215	
2015-16	2,306,215	
2016-17	7,089,470	
Subtotal	11,701,900	NCCF
2017-18	9,529,333	General
2018-19	8,727,526	General
2019-20	7,994,885	General
2020-21	8,755,725	General
2021-22	11,185,556	General
2022-23	11,020,750	General
2023-24	8,851,425	General
Total	77,767,100	

Appendix A

Detailed Listing of All Budget Adjustments

		Current Biennium		Est for Following Biennium		
		Fund	FY2013-14	FY2014-15	FY2015-16	FY2016-17
<u>#03-Legislative Council</u>						
126	LB 660 Extend pilot project, case management contract	Gen	0	75,000	0	0
501	Midwest Interstate Passenger Rail Compact dues (LB 891)	Gen	45,000	15,000	15,000	15,000
504	Additional staff, Office of Inspector General-Child Welfare	Gen	0	152,105	139,588	139,588
<u>#05-Supreme Court</u>						
52	County Court employee salaries (Flat amount to 1%)	Gen	0	8,273	8,273	8,273
52	PSL Court Employee Compensation (\$527,796)	PSL	0	YES	YES	YES
52	Accumulated savings to pay for court employee salary increase	Gen	0	YES	YES	YES
52	LB 464 Juveniles, court jurisdiction, indictment procedures	Gen	0	450,000	450,000	450,000
52	LB 464 Juveniles, court jurisdiction, indictment procedures	Fed	0	(235,000)	(235,000)	(235,000)
52	LB 920 Adopt the Public Guardianship Act	Gen	0	886,687	1,504,821	1,504,821
67	Probation officer reclassification	Gen	0	260,156	260,156	260,156
67	PSL Court Employee Compensation (\$952,524)	PSL	0	YES	YES	YES
420	Probation officer reclassification	Gen	0	19,112	19,112	19,112
435	Probation officer reclassification	Gen	0	3,415	3,415	3,415
435	LB 464 Juveniles, court jurisdiction, indictment procedures	Gen	0	5,167,942	8,138,315	17,239,544
435	LB 907 Supervised release, reentry probation, Voc & Life Skills	Gen	0	8,800,000	8,800,000	8,800,000
436	Shortfall, juvenile probation costs under LB561	Gen	7,400,000	0	0	0
570	PSL Court Employee Compensation (\$19,680)	PSL	0	YES	YES	YES
<u>#10-State Auditor</u>						
506	Restore Appropriations	Gen	176,669	176,669	176,669	176,669
<u>#11-Attorney General</u>						
496	Deficit request, water litigation	Gen	400,000	0	0	0

		Current Biennium		Est for Following Biennium	
Fund		FY2013-14	FY2014-15	FY2015-16	FY2016-17
<u>#12-State Treasurer</u>					
663	Sports Arena Support Fund	Cash	239,241	0	0
663	LB 867 Sales tax exemptions, sports arena throwback payments	Cash	1,378,000	1,265,000	0
665	Convention Center Support Fund	Cash	2,580,939	0	0
<u>#13-Dept of Education</u>					
25	Education Specialist III for LEP/Poverty Plans	Gen	0	93,532	93,532
25	Early Childhood grant, shift aid to technical assistance	Gen	95,798	95,798	95,798
25	Early Childhood grant, technical assistance for increased funds	Gen	0	95,000	95,000
25	Continued funding, E-Scholar data warehouse	Gen	0	100,000	100,000
25	Microsoft IT academy program and certification	Gen	0	250,000	250,000
25	LB 438 Priority schools, intervention teams	Gen	81,544	776,832	776,832
25	LB 464 Juveniles, court jurisdiction, indictment procedures	Gen	0	6,216	6,402
25	LB 923 Training, suicide awareness and prevention	Gen	0	142,000	142,000
158	School Breakfast Program	Gen	94,581	0	0
158	Early Childhood grant, shift aid to technical assistance	Gen	(95,798)	(95,798)	(95,798)
158	TEEOSA state aid, to NDE calculated per current law	Gen	0	(40,144,205)	(42,078,527)
158	Nurturing Healthy Behaviors prog, early childhood (LB 944)	Gen	0	400,000	400,000
158	Early Childhood grant program, one-time funds	Gen	0	3,415,000	0
158	LB 276 Medicaid plan, TEEOSA, early intervention act	Gen	0	0	(1,417,000)
158	LB 725 Change TEEOSA provisions, local effort rate	Gen	0	32,929,695	0
158	LB 967 TEEOSA, Ed Innovation, early childhood	Gen	0	0	600,000
161	LB 967 TEEOSA, Ed Innovation, early childhood	Cash	0	1,530,000	2,039,500
161	Additional Authority for Excellence in Teaching	Cash	400,000	400,000	400,000
614	Professional Practices Commission Personal Service	Cash	1,381	0	0
614	Professional Practices Comm. Retirement Payout	Cash	38,000	0	0

	Fund	Current Biennium		Est for Following Biennium	
		FY2013-14	FY2014-15	FY2015-16	FY2016-17
<u>#16-Dept of Revenue</u>					
13 Leave payout, Tax Commissioner (\$16,500)	PSL	YES	0	0	0
102 LB 191 Nebr Job Creation and Mainstreet Revitalization Act	Gen	0	241,244	122,100	122,100
102 LB 814 Sales tax on watercraft / ATV to Game & Parks	Gen	0	44,485	0	0
102 LB 867 Sales tax exemptions, sports arena throwback payments	Gen	0	52,700	45,200	45,200
102 LB 987 Index income tax brackets, SS exemption	Gen	0	176,966	44,338	44,338
108 Homestead Exemption (to current law)	Gen	(6,500,000)	(6,000,000)	(6,000,000)	(6,000,000)
108 LB 986 Change homestead exemption income limitations	Gen	0	4,621,000	5,468,000	5,601,000
108 LB 1087 Homestead exemption, disabled veterans	Gen	0	0	406,000	416,000
132 Property Tax Credit Cash Fund	Cash	0	25,000,000	25,000,000	25,000,000
164 Gamblers Assistance - Data Collection System	Cash	100,000	0	0	0
164 Gamblers Assistance - Admin assistant II reclassification	Cash	10,198	10,428	10,428	10,428
164 Gamblers Assistance – correct error through LB 464A	Cash	250,000	250,000	250,000	250,000
<u>#17-Dept of Aeronautics</u>					
26 Increase state aid provided to the Civil Air Patrol. (LB666)	Cash	0	15,000	15,000	15,000
596 LB 1016 Purchase a state aircraft, authorization	Gen	3,600,000	0	0	0
<u>#18-Dept of Agriculture</u>					
78 Eliminate duplicate funding, climate study	Gen	(44,746)	0	0	0
78 LB 941 Provide for a dairy growth study	Cash	0	32,000	0	0
<u>#19-Dept of Banking</u>					
66 Indemnification Claims litigation expense assessment	Cash	200,000	0	0	0

		Current Biennium		Est for Following Biennium		
		Fund	FY2013-14	FY2014-15	FY2015-16	FY2016-17
<u>#23-Dept of Labor</u>						
31	Dept. of Labor Retirement Plan Settlement	Cash	2,773,000	0	0	0
31	Dept. of Labor Retirement Plan Settlement	Fed	19,189,538	0	0	0
31	LB 961 Firefighting compact, workers' comp, short term comp	Fed	0	1,797,999	1,576,853	1,576,853
194	LB 560 Enforcement, certain labor and employment acts	Gen	0	154,445	155,731	155,731
<u>#24-Dept of Motor Vehicles</u>						
70	Replacement of the Vehicle, Title, Registration System (LB 738)	Cash	0	271,128	1,167,550	23,290,194
70	LB 383 Provide for Nebraska Armed Forces Pride Plates	Cash	0	0	55,138	55,138
70	LB 661 Voter registration, website and use of DMV records	Cash	0	104,787	45,332	45,332
70	LB 983 Changes, commercial driver's licenses and learner's permits	Cash	0	494,968	594,713	594,713
<u>#25-DHHS System</u>						
32	Base Adjustment, Medicaid RX Drug Act Admin.	Gen	(800,000)	(800,000)	(800,000)	(800,000)
32	Base Adjustment, Medicaid RX Drug Act Admin.	Fed	(800,000)	(800,000)	(800,000)	(800,000)
32	LB 994 Change vital statistics fees (FY13 \$500,000 GF Lapse	Gen	0	0	0	0
33	Lower FFY2015 FMAP - Develop disability service coordination	Gen	0	111,910	149,213	149,213
33	Lower FFY2015 FMAP - Develop disability service coordination	Fed	0	(111,910)	(149,213)	(149,213)
33	Behavioral Health Data System	Gen	0	0	0	0
33	Vital Records (earmark \$300,000 cash)	Cash	0	0	0	0
33	Reallocate funding to EMS training (LB 889)	Gen	0	(212,000)	(212,000)	(212,000)
33	Nebr Health Information Initiative, additional one-time funds	Cash	0	0	0	0
33	Service coordination for Increased waiting list funding	Gen	0	255,000	255,000	255,000
33	Service coordination for Increased waiting list funding	Fed	0	289,000	289,000	289,000
33	LB 276 Medicaid plan, TEEOSA, early intervention act	Gen	0	42,746	42,746	42,746
33	LB 276 Medicaid plan, TEEOSA, early intervention act	Fed	0	42,746	42,746	42,746
33	LB 359 Eligibility redeterminations, child care subsidy	Gen	0	9,000	0	0
33	LB 690 Aging Nebraskans Task Force	Gen	0	228,061	77,194	77,194
33	LB 690 Aging Nebraskans Task Force	Fed	0	228,061	77,194	77,194

	Fund	Current Biennium		Est for Following Biennium	
		FY2013-14	FY2014-15	FY2015-16	FY2016-17
33 LB 853 Changes, Young Adult Voluntary Services & Support Act	Gen	0	515,480	384,400	384,400
33 LB 853 Changes, Young Adult Voluntary Services & Support Act	Fed	0	609,324	563,400	563,400
33 LB 994 Change vital statistics fees	Gen	0	500,000	0	0
33 LB 994 Change vital statistics fees	Cash	0	487,484	503,462	503,462
38 Reallocate ACA contingency - behavioral health aid	Gen	0	10,000,000	10,000,000	10,000,000
38 LB 901 Psychology internships, Behavioral Health Ed Center	Gen	0	100,000	100,000	100,000
46 Reduce ACA behavioral health contingency set aside	Gen	0	(10,000,000)	(10,000,000)	(10,000,000)
175 Increase funding, Rural Health Provider Incentive program	Gen	0	150,000	150,000	150,000
250 LB 464 Juveniles, court jurisdiction, indictment procedures	Gen	0	252,534	505,067	505,067
344 Lower FFY2015 FMAP - Childrens Health Insurance (SCHIP)	Gen	0	694,600	926,133	926,133
344 Lower FFY2015 FMAP - Childrens Health Insurance (SCHIP)	Fed	0	(694,600)	(926,133)	(926,133)
344 ACA Section 2101F Population (SCHIP)	Gen	440,134	1,665,075	1,665,075	1,665,075
344 ACA Section 2101F Population (SCHIP)	Fed	957,116	3,551,325	3,551,325	3,551,325
344 MAGI Eligibility Rules Under ACA (SCHIP)	Gen	1,369,305	2,775,125	2,775,125	2,775,125
344 MAGI Eligibility Rules Under ACA (SCHIP)	Fed	2,977,695	5,918,875	5,918,875	5,918,875
347 Lower FFY2015 FMAP - Public Assistance	Gen	0	277,331	369,775	369,775
347 Lower FFY2015 FMAP - Public Assistance	Fed	0	(277,331)	(369,775)	(369,775)
347 State Disabled - Medical	Gen	2,100,000	3,000,000	3,000,000	3,000,000
347 Base Adjustment, Public Assistance	Gen	0	(1,500,000)	(1,500,000)	(1,500,000)
347 LB 359 Eligibility redeterminations, child care subsidy	Gen	0	361,152	787,968	787,968
347 Shortfall, juvenile probation costs under LB561	Gen	(5,000,000)	0	0	0
348 Lower FFY2015 FMAP - Medicaid	Gen	0	13,358,062	17,810,749	17,810,749
348 Lower FFY2015 FMAP - Medicaid	Fed	0	(13,358,062)	(17,810,749)	(17,810,749)
348 Lower FFY2015 FMAP - Beatrice State Develop Center (BSDC)	Fed	0	(188,133)	(250,844)	(250,844)
348 Lower FFY2015 FMAP - Developmental disability aid	Fed	0	(1,951,856)	(2,602,475)	(2,602,475)
348 State Disabled - Medical	Gen	(1,357,800)	(1,401,900)	(1,401,900)	(1,401,900)
348 State Disabled - Medical	Fed	(1,642,200)	(1,598,100)	(1,598,100)	(1,598,100)
348 State Ward Permanency Pilot project (LB 936)	Fed	0	1,500,000	1,500,000	1,500,000

	Fund	Current Biennium		Est for Following Biennium	
		FY2013-14	FY2014-15	FY2015-16	FY2016-17
348 Base Adjustment, Medicaid	Gen	0	(4,622,744)	(4,622,744)	(4,622,744)
348 Base Adjustment, Medicaid	Fed	0	(5,269,710)	(5,269,710)	(5,269,710)
348 Medicare Part D clawback reduction	Gen	(2,800,000)	(4,800,000)	(4,800,000)	(4,800,000)
348 Reduce Medicaid, shift to community aging services (LB689)	Gen	0	(1,000,000)	(1,000,000)	(1,000,000)
348 Reduce Medicaid, shift to community aging services (LB689)	Fed	0	(1,173,913)	(1,173,913)	(1,173,913)
348 Upper Payment limit. DHHS and UNMC	Cash	0	7,700,000	7,700,000	7,700,000
348 Upper Payment limit. DHHS and UNMC	Fed	0	9,200,000	9,200,000	9,200,000
348 Shortfall, juvenile probation costs under LB561	Gen	(2,400,000)	0	0	0
348 Shortfall, juvenile probation costs under LB561	Cash	0	0	0	0
348 Increase funding, waiting list - developmental disability aid	Fed	0	5,776,064	5,776,064	5,776,064
348 2% increase in provider rates - developmental disability aid	Fed	0	2,821,240	2,821,240	2,821,240
348 LB 276 Medicaid plan, TEEOSA, early intervention act	Gen	0	0	0	3,200,000
348 LB 276 Medicaid plan, TEEOSA, early intervention act	Fed	0	2,700,000	13,500,000	16,200,000
348 LB 690 Aging Nebraskans Task Force	Gen	0	2,629,187	5,258,374	5,258,374
348 LB 690 Aging Nebraskans Task Force	Fed	0	12,041,518	17,840,154	17,840,154
354 Lower FFY2015 FMAP - Child Welfare aid	Gen	0	285,939	381,252	381,252
354 Lower FFY2015 FMAP - Child Welfare aid	Fed	0	(285,939)	(381,252)	(381,252)
354 State Ward Permanency Pilot project	Gen	0	(972,000)	(972,000)	(972,000)
354 LB 464 Juveniles, court jurisdiction, indictment procedures	Gen	0	(450,000)	(450,000)	(450,000)
354 LB 853 Changes, Young Adult Voluntary Services & Support Act	Gen	0	35,488	300,807	300,807
354 LB 853 Changes, Young Adult Voluntary Services & Support Act	Fed	0	172,569	355,431	355,431
365 Lower FFY2015 FMAP - Mental Health operations	Gen	0	51,494	68,659	68,659
365 Lower FFY2015 FMAP - Mental Health operations	Fed	0	(51,494)	(68,659)	(68,659)
365 Lincoln Regional Center Kitchen, reallocate operations funds	Gen	(1,234,444)	0	0	0
421 Lower FFY2015 FMAP - Beatrice State Develop Center (BSDC)	Gen	0	188,133	250,844	250,844
424 Lower FFY2015 FMAP - Developmental disability aid	Gen	0	1,951,856	2,602,475	2,602,475
424 2% increase in provider rates - developmental disability aid	Gen	0	2,595,048	2,595,048	2,595,048
424 State Ward Permanency Pilot project	Gen	0	1,500,000	1,500,000	1,500,000
424 Increase funding, waiting list - developmental disability aid	Gen	0	4,745,000	4,745,000	4,745,000

	Fund	Current Biennium		Est for Following Biennium	
		FY2013-14	FY2014-15	FY2015-16	FY2016-17
502 Increase funding, community health centers	Gen	0	250,000	250,000	250,000
502 Increase funding, community health centers	Cash	0	750,000	750,000	750,000
514 Increase funding, Nebraska Advocacy Services	Gen	0	85,000	85,000	85,000
514 Increase funding, EMS training	Gen	0	212,000	212,000	212,000
514 LB 254 Autism insurance coverage, amino acid-based formulas	Gen	0	10,000	10,000	10,000
514 LB 254 Autism insurance coverage, amino acid-based formulas	Gen	0	250,000	250,000	250,000
571 Increase funding, community aging services	Gen	0	1,000,000	1,000,000	1,000,000

#29-Dept of Natural Resources

313 LB 1098 NRC Membership / Water Sustainability Fund guidelines (oper).	Cash	0	134,407	127,007	127,007
313 LB 1098 NRC Membership / Water Sustainability Fund guidelines (aid).	Cash	0	20,865,593	10,872,993	10,872,993
334 Repeal the obsolete Water Contingency Cash Fund	Cash	0	0	0	0
334 One-time funding, Resources Development Fund	Gen	0	10,492,793	0	0
334 Lapse unexpended reappropriation, water interim study (\$492,793 GF)	Gen	0	0	0	0
334 LB 1098 NRC Membership / Water Sustainability Fund guidelines.	Gen	0	41,650	18,700	18,700

#33-Game and Parks Commission

162 Environmental Trust Grant Funding Increase	Cash	4,250,000	2,000,000	2,000,000	2,000,000
549 Game & Parks - Improvement and Maintenance Fund (operations)	Cash	0	150,000	0	0

#41-Real Estate Commission

77 Retirement of Deputy Director for Enforcement	Cash	28,562	0	0	0
77 LB 687 Change application procedures for real estate licenses	Cash	0	31,920	33,060	33,060

#46-Dept of Correctional Services

200 Inmate medical expenses	Gen	3,000,000	3,000,000	3,000,000	3,000,000
200 Inmate per diem expenses	Gen	950,000	1,050,000	1,050,000	1,050,000
200 Inmate capacity issues - maximize existing bed space	Gen	127,020	762,122	762,122	762,122
200 Inmate capacity issues - McCook Work Ethic camp beds	Gen	30,348	150,410	150,410	150,410
200 Inmate capacity issues - temporary housing, county jails	Gen	723,604	4,226,625	0	0

		Fund	Current Biennium		Est for Following Biennium	
			FY2013-14	FY2014-15	FY2015-16	FY2016-17
200	LB 907 Supervised release, reentry probation, Voc & Life Skills	Gen	0	269,362	252,337	252,337
214	LB 907 Supervised release, reentry probation, Voc & Life Skills (oper)	Gen	0	1,500,000	1,500,000	1,500,000
214	LB 907 Supervised release, reentry probation, Voc & Life Skills (aid)	Gen	0	3,500,000	3,500,000	3,500,000
<u>#48-Postsecondary Coordinating Commission</u>						
640	Executive Director search costs	Gen	10,000	0	0	0
640	Leave payment upon retirement	Gen	0	11,000	0	0
690	Additional Nebr Opportunity Grant financial aid funding	Gen	0	200,000	200,000	200,000
<u>#51-University of Nebraska</u>						
515	Pediatric cancer research	Gen	0	1,800,000	0	0
515	LB 254 Autism insurance coverage, amino acid-based formulas	Gen	0	362,500	725,000	725,000
515	LB 901 Psychology internships, Behavioral Health Ed Center	Gen	0	274,000	317,750	478,875
515	LB 907 Supervised release, reentry probation, Voc & Life Skills	Gen	0	200,000	200,000	200,000
<u>#54-Historical Society</u>						
553	LB 744 Nebraska Sesquicentennial Commission	Gen	0	94,000	94,000	94,000
648	Utilities	Gen	10,560	18,715	18,715	18,715
648	Move from K St facility to Experian Building	Gen	691,686	485,086	485,086	485,086
648	LB 191 Nebr Job Creation and Mainstreet Revitalization Act	Gen	0	154,685	0	0
648	LB 191 Nebr Job Creation and Mainstreet Revitalization Act	Cash	0	0	153,909	153,909
<u>#64-State Patrol</u>						
100	Medical cost payment, Regional West Medical Center	Cash	203,889	0	0	0
<u>#65-Administrative Services</u>						
172	IMS Increased Spending Authority	Rev	6,000,000	6,500,000	6,500,000	6,500,000
567	LB 371 Transparency in Government Procurement Act	Rev	0	145,800	0	0
567	LB 974 DHHS budgeting and strategic planning, pre-audits	Rev	0	34,794	32,989	32,989

	Fund	Current Biennium		Est for Following Biennium	
		FY2013-14	FY2014-15	FY2015-16	FY2016-17
592 Agency assessments appropriation authority	Rev	350,000	150,000	150,000	150,000
591 State Claims (included in Claims Bill)	Gen	1,467,753	0	0	0
593 State Claims (included in Claims Bill)	Rev	150,000	0	0	0
594 State Claims (included in Claims Bill)	Rev	2,637,803	0	0	0
na LB 254 Autism insurance coverage, amino acid-based formulas	Gen	0	0	589,467	589,467
<u>#69-Arts Council</u>					
326 Hardware, Software and IT Services	Gen	0	12,210	12,210	12,210
326 Accumulated leave retirement pay-out.	Gen	0	27,746	0	0
<u>#72-Dept of Economic Development</u>					
603 Job Training Cash Fund (LB 1091)	Cash	0	10,000,000	0	0
603 LB 1114 Change termination date, economic develop programs	Cash	0	50,000	0	0
<u>#74-Power Review Board</u>					
72 LB 1115 Power Review Board, study and state policy	Gen	0	200,000	0	0
<u>#78-Crime Commission</u>					
155 Revise earmark funding for Program 155	Gen	0	50,000	50,000	50,000
155 Revise earmark funding for Program 155	Gen	0	(50,000)	(50,000)	(50,000)
198 Increase PSL, employee retirement payout - Program 198	PSL	YES	0	0	0
202 Crime Victim's Reparations Cash Fund	Cash	100,000	0	0	0
<u>#85-Public Employees Retirement Board</u>					
41 LB 1042 Changes, school retirement provisions and PERB duties	Cash	0	94,904	89,904	89,904
515 Statutory Contribution - School 2%	Gen	0	448,519	448,519	448,519
515 Statutory Contribution - OPS service annuity	Gen	0	(170,042)	(170,042)	(170,042)

	Fund	Current Biennium		Est for Following Biennium	
		FY2013-14	FY2014-15	FY2015-16	FY2016-17
515 Actuarially required contribution - Judges plan	Gen	0	0	0	0
515 Actuarially required contribution - State Patrol plan	Gen	0	52,774	52,774	52,774
515 State Patrol Plan - Eliminate need for LB 137 contribution	Gen	0	(104,580)	(104,580)	(104,580)
<u>#91-Nebraska Tourism Commission</u>					
618 Increased cash fund expenditure authority	Cash	350,000	750,000	750,000	750,000
<u>Capital Construction Projects</u>					
900 DHHS - Lincoln Regional Center Kitchen project	Gen	350,000	884,444	0	0
900 NETC - Radio transmission replacement project	Gen	140,000	140,000	0	0
900 Corrections - Infrastructure and maintenance	NCCF	0	1,500,000	0	0
900 DAS - State Capitol HVAC system replacement	NCCF	0	11,701,900	0	0
900 DAS - State Capitol courtyard fountains	NCCF	0	2,500,000	0	0
900 Game & Parks - Improvement / Maintenance Fund	Cash	0	17,350,000	0	0
900 NETC - remove reapprop, completed projects (\$21,392)	Gen	YES	0	0	0
900 NETC - remove reapprop, completed projects (\$130,624)	Cash	YES	0	0	0
900 NETC - remove reapprop, completed projects (\$144,145)	Fed	YES	0	0	0
901 LB 814 Sales tax on watercraft / ATV to Game & Parks	Cash	0	3,149,883	3,709,383	3,709,383
919 LB 999 Planning-Hastings Correctional Behavioral Health	Gen	0	(3,097,000)	2,897,000	0
930 LB 999 Planning-Hastings Correctional Behavioral Health	Gen	0	200,000	0	0
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General Funds		3,070,614	64,932,865	28,890,685	38,600,721
Cash Funds		12,903,210	93,060,869	56,579,106	78,701,750
Federal Funds		20,682,149	20,652,673	31,376,459	34,076,459
Nebraska Capital Construction Fund (NCCF)		0	15,701,900	0	0
Revolving Funds		9,137,803	6,830,594	6,682,989	6,682,989
Total		45,793,776	201,178,901	123,529,239	158,061,919

Appendix B

General Fund Appropriations by Agency

			FY2012-13	FY2013-14			FY2014-15			Change over Prior Year (excludes deficits)			
			Without deficits	Per 2013 Session	2014 Deficits	Revised Per 2014 Session	Per 2013 Session	2014 Changes	Revised Per 2014 Session	FY14 \$	FY14 %	FY15 \$	FY15 %
#03	Legislative Council	Oper	18,070,091	18,429,470	45,000	18,474,470	18,853,434	242,105	19,095,539	359,379	2.0%	666,069	3.6%
#03	Legislative Council	Total	18,070,091	18,429,470	45,000	18,474,470	18,853,434	242,105	19,095,539	359,379	2.0%	666,069	3.6%
#05	Supreme Court	Aid	0	200,000	0	200,000	200,000	0	200,000	200,000	na	0	0.0%
#05	Supreme Court	Oper	84,265,483	107,213,686	7,400,000	114,613,686	133,832,254	15,595,585	149,427,839	22,948,203	27.2%	42,214,153	39.4%
#05	Supreme Court	Total	84,265,483	107,413,686	7,400,000	114,813,686	134,032,254	15,595,585	149,627,839	23,148,203	27.5%	42,214,153	39.3%
#07	Governor	Oper	1,652,727	1,649,146	0	1,649,146	1,879,549	0	1,879,549	(3,581)	-0.2%	230,403	14.0%
#07	Governor	Total	1,652,727	1,649,146	0	1,649,146	1,879,549	0	1,879,549	(3,581)	-0.2%	230,403	14.0%
#08	Lt. Governor	Oper	143,610	143,828	0	143,828	144,051	0	144,051	218	0.2%	223	0.2%
#08	Lt. Governor	Total	143,610	143,828	0	143,828	144,051	0	144,051	218	0.2%	223	0.2%
#09	Secretary of State	Oper	444,708	841,282	0	841,282	1,446,302	50,000	1,496,302	396,574	89.2%	655,020	77.9%
#09	Secretary of State	Total	444,708	841,282	0	841,282	1,446,302	50,000	1,496,302	396,574	89.2%	655,020	77.9%
#10	State Auditor	Oper	2,184,391	2,095,011	176,669	2,271,680	2,118,948	176,669	2,295,617	(89,380)	-4.1%	200,606	9.6%
#10	State Auditor	Total	2,184,391	2,095,011	176,669	2,271,680	2,118,948	176,669	2,295,617	(89,380)	-4.1%	200,606	9.6%
#11	Attorney General	Oper	5,815,369	5,884,596	400,000	6,284,596	5,638,473	0	5,638,473	69,227	1.2%	(246,123)	-4.2%
#11	Attorney General	Total	5,815,369	5,884,596	400,000	6,284,596	5,638,473	0	5,638,473	69,227	1.2%	(246,123)	-4.2%
#12	State Treasurer	Oper	1,389,129	1,297,426	0	1,297,426	1,301,283	0	1,301,283	(91,703)	-6.6%	3,857	0.3%
#12	State Treasurer	Total	1,389,129	1,297,426	0	1,297,426	1,301,283	0	1,301,283	(91,703)	-6.6%	3,857	0.3%
#13	Education	Aid	1,049,348,167	1,113,624,778	(1,217)	1,113,623,561	1,159,880,190	(3,495,308)	1,156,384,882	64,276,611	6.1%	42,760,104	3.8%
#13	Education	Oper	16,184,774	17,976,558	177,342	18,153,900	19,083,626	1,559,378	20,643,004	1,791,784	11.1%	2,666,446	14.8%
#13	Education	Total	1,065,532,941	1,131,601,336	176,125	1,131,777,461	1,178,963,816	(1,935,930)	1,177,027,886	66,068,395	6.2%	45,426,550	4.0%
#14	Public Service Comm	Oper	2,359,563	2,422,539	0	2,422,539	2,429,539	0	2,429,539	62,976	2.7%	7,000	0.3%
#14	Public Service Comm	Total	2,359,563	2,422,539	0	2,422,539	2,429,539	0	2,429,539	62,976	2.7%	7,000	0.3%
#15	Parole Board	Oper	819,249	834,771	0	834,771	850,640	0	850,640	15,522	1.9%	15,869	1.9%
#15	Parole Board	Total	819,249	834,771	0	834,771	850,640	0	850,640	15,522	1.9%	15,869	1.9%
#16	Revenue	Aid	72,500,000	71,600,000	(6,500,000)	65,100,000	74,900,000	(1,379,000)	73,521,000	(900,000)	-1.2%	1,921,000	2.7%
#16	Revenue	Oper	25,642,530	25,398,331	0	25,398,331	25,912,626	515,395	26,428,021	(244,199)	-1.0%	1,029,690	4.1%
#16	Revenue	Total	98,142,530	96,998,331	(6,500,000)	90,498,331	100,812,626	(863,605)	99,949,021	(1,144,199)	-1.2%	2,950,690	3.0%
#17	Aeronautics	Oper	0	0	3,600,000	3,600,000	0	0	0	0	na	0	na
#17	Aeronautics	Total	0	0	3,600,000	3,600,000	0	0	0	0	na	0	na

		FY2012-13	FY2013-14			FY2014-15			Change over Prior Year (excludes deficits)				
		Without deficits	Per 2013 Session	2014 Deficits	Revised Per 2014 Session	Per 2013 Session	2014 Changes	Revised Per 2014 Session	FY14 \$ Change	FY14 % Change	FY15 \$ Change	FY15 % Change	
#18	Agriculture	Oper	5,618,857	5,956,322	(44,746)	5,911,576	5,922,021	0	5,922,021	337,465	6.0%	(34,301)	-0.6%
#18	Agriculture	Total	5,618,857	5,956,322	(44,746)	5,911,576	5,922,021	0	5,922,021	337,465	6.0%	(34,301)	-0.6%
#21	Fire Marshal	Oper	3,991,920	4,086,558	0	4,086,558	4,093,785	0	4,093,785	94,638	2.4%	7,227	0.2%
#21	Fire Marshal	Total	3,991,920	4,086,558	0	4,086,558	4,093,785	0	4,093,785	94,638	2.4%	7,227	0.2%
#23	Labor	Oper	497,939	503,467	0	503,467	509,118	154,445	663,563	5,528	1.1%	160,096	31.8%
#23	Labor	Total	497,939	503,467	0	503,467	509,118	154,445	663,563	5,528	1.1%	160,096	31.8%
#25	HHS System	Aid	1,114,177,099	1,190,657,630	(7,648,361)	1,183,009,269	1,255,689,224	23,174,219	1,278,863,443	76,480,531	6.9%	88,205,813	7.4%
#25	HHS System	Oper	236,425,259	233,169,499	(2,034,444)	231,135,055	233,902,402	1,152,358	235,054,760	(3,255,760)	-1.4%	1,885,261	0.8%
#25	HHS System	Total	1,350,602,358	1,423,827,129	(9,682,805)	1,414,144,324	1,489,591,626	24,326,577	1,513,918,203	73,224,771	5.4%	90,091,074	6.3%
#28	Veterans Affairs	Oper	1,127,666	1,216,003	0	1,216,003	1,228,082	0	1,228,082	88,337	7.8%	12,079	1.0%
#28	Veterans Affairs	Total	1,127,666	1,216,003	0	1,216,003	1,228,082	0	1,228,082	88,337	7.8%	12,079	1.0%
#29	Natural Resources	Aid	5,958,361	5,808,361	0	5,808,361	5,808,361	10,492,793	16,301,154	(150,000)	-2.5%	10,492,793	180.6%
#29	Natural Resources	Oper	10,397,171	10,676,038	0	10,676,038	10,807,768	41,650	10,849,418	278,867	2.7%	173,380	1.6%
#29	Natural Resources	Total	16,355,532	16,484,399	0	16,484,399	16,616,129	10,534,443	27,150,572	128,867	0.8%	10,666,173	64.7%
#31	Military Dept	Aid	988,775	988,775	0	988,775	988,775	0	988,775	0	0.0%	0	0.0%
#31	Military Dept	Oper	3,687,973	4,084,520	0	4,084,520	4,276,279	0	4,276,279	396,547	10.8%	191,759	4.7%
#31	Military Dept	Total	4,676,748	5,073,295	0	5,073,295	5,265,054	0	5,265,054	396,547	8.5%	191,759	3.8%
#32	Ed Lands & Funds	Oper	310,575	315,838	0	315,838	321,217	0	321,217	5,263	1.7%	5,379	1.7%
#32	Ed Lands & Funds	Total	310,575	315,838	0	315,838	321,217	0	321,217	5,263	1.7%	5,379	1.7%
#33	Game & Parks	Aid	42,011	42,011	0	42,011	42,011	0	42,011	0	0.0%	0	0.0%
#33	Game & Parks	Oper	10,833,605	11,034,425	0	11,034,425	11,148,845	0	11,148,845	200,820	1.9%	114,420	1.0%
#33	Game & Parks	Total	10,875,616	11,076,436	0	11,076,436	11,190,856	0	11,190,856	200,820	1.8%	114,420	1.0%
#34	Library Commission	Aid	1,043,240	1,201,240	0	1,201,240	1,209,240	0	1,209,240	158,000	15.1%	8,000	0.7%
#34	Library Commission	Oper	2,402,760	2,484,662	0	2,484,662	2,569,572	0	2,569,572	81,902	3.4%	84,910	3.4%
#34	Library Commission	Total	3,446,000	3,685,902	0	3,685,902	3,778,812	0	3,778,812	239,902	7.0%	92,910	2.5%
#35	Liquor Control	Oper	973,825	1,033,269	0	1,033,269	1,046,759	0	1,046,759	59,444	6.1%	13,490	1.3%
#35	Liquor Control	Total	973,825	1,033,269	0	1,033,269	1,046,759	0	1,046,759	59,444	6.1%	13,490	1.3%
#36	Racing Commission	Oper	0	15,000	0	15,000	0	0	0	15,000	na	(15,000)	na
#36	Racing Commission	Total	0	15,000	0	15,000	0	0	0	15,000	na	(15,000)	na
#46	Correctional Services	Aid	0	0	0	0	0	3,500,000	3,500,000	0	na	3,500,000	na
#46	Correctional Services	Oper	156,840,269	167,048,868	4,830,972	171,879,840	170,854,827	10,958,519	181,813,346	10,208,599	6.5%	14,764,478	8.8%
#46	Correctional Services	Total	156,840,269	167,048,868	4,830,972	171,879,840	170,854,827	14,458,519	185,313,346	10,208,599	6.5%	18,264,478	10.9%

		FY2012-13	FY2013-14			FY2014-15			Change over Prior Year (excludes deficits)				
		Without deficits	Per 2013 Session	2014 Deficits	Revised Per 2014 Session	Per 2013 Session	2014 Changes	Revised Per 2014 Session	FY14 \$ Change	FY14 % Change	FY15 \$ Change	FY15 % Change	
#47	NETC	Oper	9,558,708	9,706,004	0	9,706,004	9,840,715	0	9,840,715	147,296	1.5%	134,711	1.4%
#47	NETC	Total	9,558,708	9,706,004	0	9,706,004	9,840,715	0	9,840,715	147,296	1.5%	134,711	1.4%
#48	Coordinating Comm	Aid	6,993,156	7,308,156	0	7,308,156	7,353,156	200,000	7,553,156	315,000	4.5%	245,000	3.4%
#48	Coordinating Comm	Oper	1,188,481	1,300,105	10,000	1,310,105	1,310,637	11,000	1,321,637	111,624	9.4%	21,532	1.7%
#48	Coordinating Comm	Total	8,181,637	8,608,261	10,000	8,618,261	8,663,793	211,000	8,874,793	426,624	5.2%	266,532	3.1%
#50	State Colleges	Oper	45,450,893	47,496,183	0	47,496,183	49,396,030	0	49,396,030	2,045,290	4.5%	1,899,847	4.0%
#50	State Colleges	Total	45,450,893	47,496,183	0	47,496,183	49,396,030	0	49,396,030	2,045,290	4.5%	1,899,847	4.0%
#51	University of Nebraska	Oper	497,998,690	519,613,638	0	519,613,638	540,180,384	2,636,500	542,816,884	21,614,948	4.3%	23,203,246	4.5%
#51	University of Nebraska	Total	497,998,690	519,613,638	0	519,613,638	540,180,384	2,636,500	542,816,884	21,614,948	4.3%	23,203,246	4.5%
#54	Historical Society	Oper	3,915,325	4,120,916	701,646	4,822,562	4,179,737	752,486	4,932,223	205,591	5.3%	811,307	19.7%
#54	Historical Society	Total	3,915,325	4,120,916	701,646	4,822,562	4,179,737	752,486	4,932,223	205,591	5.3%	811,307	19.7%
#64	State Patrol	Oper	54,253,448	56,153,379	0	56,153,379	56,576,821	0	56,576,821	1,899,931	3.5%	423,442	0.8%
#64	State Patrol	Total	54,253,448	56,153,379	0	56,153,379	56,576,821	0	56,576,821	1,899,931	3.5%	423,442	0.8%
#65	Admin Services (DAS)	Oper	7,638,096	7,731,281	1,467,753	9,199,034	7,821,743	0	7,821,743	93,185	1.2%	90,462	1.2%
#65	Admin Services (DAS)	Total	7,638,096	7,731,281	1,467,753	9,199,034	7,821,743	0	7,821,743	93,185	1.2%	90,462	1.2%
#67	Equal Opportunity	Oper	1,178,277	1,168,106	0	1,168,106	1,186,439	0	1,186,439	(10,171)	-0.9%	18,333	1.6%
#67	Equal Opportunity	Total	1,178,277	1,168,106	0	1,168,106	1,186,439	0	1,186,439	(10,171)	-0.9%	18,333	1.6%
#68	Latino American Comm.	Oper	178,681	187,679	0	187,679	190,981	0	190,981	8,998	5.0%	3,302	1.8%
#68	Latino American Comm.	Total	178,681	187,679	0	187,679	190,981	0	190,981	8,998	5.0%	3,302	1.8%
#69	Arts Council	Aid	838,069	903,069	0	903,069	903,069	0	903,069	65,000	7.8%	0	0.0%
#69	Arts Council	Oper	538,267	550,931	0	550,931	564,132	39,956	604,088	12,664	2.4%	53,157	9.6%
#69	Arts Council	Total	1,376,336	1,454,000	0	1,454,000	1,467,201	39,956	1,507,157	77,664	5.6%	53,157	3.7%
#70	Foster Care Review	Oper	1,379,348	1,652,806	0	1,652,806	1,616,119	0	1,616,119	273,458	19.8%	(36,687)	-2.2%
#70	Foster Care Review	Total	1,379,348	1,652,806	0	1,652,806	1,616,119	0	1,616,119	273,458	19.8%	(36,687)	-2.2%
#72	Economic Development	Aid	7,356,396	6,860,000	0	6,860,000	6,860,000	0	6,860,000	(496,396)	-6.7%	0	0.0%
#72	Economic Development	Oper	4,101,559	4,848,356	0	4,848,356	4,899,875	0	4,899,875	746,797	18.2%	51,519	1.1%
#72	Economic Development	Total	11,457,955	11,708,356	0	11,708,356	11,759,875	0	11,759,875	250,401	2.2%	51,519	0.4%
#74	Power Review Board	Oper	0	0	0	0	0	200,000	200,000	0	na	200,000	na
#74	Power Review Board	Total	0	0	0	0	0	200,000	200,000	0	na	200,000	na
#76	Indian Commission	Oper	167,410	205,261	0	205,261	208,175	0	208,175	37,851	22.6%	2,914	1.4%
#76	Indian Commission	Total	167,410	205,261	0	205,261	208,175	0	208,175	37,851	22.6%	2,914	1.4%

		FY2012-13	FY2013-14			FY2014-15			Change over Prior Year (excludes deficits)				
		Without deficits	Per 2013 Session	2014 Deficits	Revised Per 2014 Session	Per 2013 Session	2014 Changes	Revised Per 2014 Session	FY14 \$ Change	FY14 % Change	FY15 \$ Change	FY15 % Change	
#77	Industrial Relations	Oper	302,708	309,579	0	309,579	313,047	0	313,047	6,871	2.3%	3,468	1.1%
#77	Industrial Relations	Total	302,708	309,579	0	309,579	313,047	0	313,047	6,871	2.3%	3,468	1.1%
#78	Crime Commission	Aid	2,301,403	4,023,828	0	4,023,828	6,023,828	(50,000)	5,973,828	1,722,425	74.8%	1,950,000	48.5%
#78	Crime Commission	Oper	3,331,208	3,623,960	0	3,623,960	3,656,000	50,000	3,706,000	292,752	8.8%	82,040	2.3%
#78	Crime Commission	Total	5,632,611	7,647,788	0	7,647,788	9,679,828	0	9,679,828	2,015,177	35.8%	2,032,040	26.6%
#81	Blind & Visually Impaired	Aid	176,890	176,890	0	176,890	176,890	0	176,890	0	0.0%	0	0.0%
#81	Blind & Visually Impaired	Oper	846,113	857,480	0	857,480	869,100	0	869,100	11,367	1.3%	11,620	1.4%
#81	Blind & Visually Impaired	Total	1,023,003	1,034,370	0	1,034,370	1,045,990	0	1,045,990	11,367	1.1%	11,620	1.1%
#82	Deaf & Hard of Hearing	Oper	848,782	861,653	0	861,653	874,808	0	874,808	12,871	1.5%	13,155	1.5%
#82	Deaf & Hard of Hearing	Total	848,782	861,653	0	861,653	874,808	0	874,808	12,871	1.5%	13,155	1.5%
#83	Community Colleges	Aid	87,870,147	91,384,953	0	91,384,953	95,040,351	0	95,040,351	3,514,806	4.0%	3,655,398	4.0%
#83	Community Colleges	Total	87,870,147	91,384,953	0	91,384,953	95,040,351	0	95,040,351	3,514,806	4.0%	3,655,398	4.0%
#84	Environmental Quality	Aid	2,446,846	2,077,196	0	2,077,196	2,141,196	0	2,141,196	(369,650)	-15.1%	64,000	3.1%
#84	Environmental Quality	Oper	3,323,012	3,362,055	0	3,362,055	3,393,198	0	3,393,198	39,043	1.2%	31,143	0.9%
#84	Environmental Quality	Total	5,769,858	5,439,251	0	5,439,251	5,534,394	0	5,534,394	(330,607)	-5.7%	95,143	1.7%
#85	Retirement Board	Oper	29,991,325	24,290,810	0	24,290,810	46,418,580	226,671	46,645,251	(5,700,515)	-19.0%	22,354,441	92.0%
#85	Retirement Board	Total	29,991,325	24,290,810	0	24,290,810	46,418,580	226,671	46,645,251	(5,700,515)	-19.0%	22,354,441	92.0%
#87	Account/Disclosure	Oper	407,548	414,692	0	414,692	468,402	0	468,402	7,144	1.8%	53,710	13.0%
#87	Account/Disclosure	Total	407,548	414,692	0	414,692	468,402	0	468,402	7,144	1.8%	53,710	13.0%
#91	Tourism Commission	Aid	0	250,000	0	250,000	250,000	0	250,000	250,000	na	0	0.0%
#91	Tourism Commission	Oper	250,000	250,000	0	250,000	250,000	0	250,000	0	0.0%	0	0.0%
#91	Tourism Commission	Total	250,000	500,000	0	500,000	500,000	0	500,000	250,000	100.0%	0	0.0%
	Construction Total	Total	20,772,233	25,830,024	490,000	26,320,024	28,310,000	(1,872,556)	26,437,444	5,057,791	24.3%	607,420	2.4%
OPERATIONS			1,259,610,962	1,315,231,996	16,730,192	1,331,962,188	1,395,116,374	34,362,717	1,429,479,091	55,621,034	4.4%	114,247,095	8.7%
STATE AID			2,352,040,560	2,497,106,887	(14,149,578)	2,482,957,309	2,617,466,291	32,442,704	2,649,908,995	145,066,327	6.2%	152,802,108	6.1%
CONSTRUCTION			20,772,233	25,830,024	490,000	26,320,024	28,310,000	(1,872,556)	26,437,444	5,057,791	24.3%	607,420	2.4%
TOTAL GENERAL FUNDS			3,632,423,755	3,838,168,907	3,070,614	3,841,239,521	4,040,892,665	64,932,865	4,105,825,530	205,745,152	5.7%	267,656,623	7.0%

Appendix C

General Fund Appropriations by State Aid Program

	FY2012-13	FY2013-14			FY2014-15			Change over Prior Year (exclude deficits)			
	w/o Deficits	Per 2013 Session	2014 Deficits	Revised 2014 Session	Per 2013 Sess	2014 Change	Revised 2014 Session	FY14 \$ Change	FY14 % Change	FY15 \$ Change	FY15 % Change
Supreme Court											
Court Appointed Special Advocate	0	200,000	0	200,000	200,000	0	200,000	200,000	na	0	0.0%
Education											
TEEOSA State Aid to Education	836,867,085	884,888,317	0	884,888,317	920,786,352	(7,214,510)	913,571,842	48,021,232	5.7%	28,683,525	3.2%
Special Education	193,893,842	203,588,534	0	203,588,534	213,767,961	0	213,767,961	9,694,692	5.0%	10,179,427	5.0%
Aid to ESU's	14,051,761	14,051,761	0	14,051,761	14,051,761	0	14,051,761	0	0.0%	0	0.0%
Early Childhood grant program	0	1,915,962	(95,798)	1,820,164	1,915,962	3,319,202	5,235,164	1,820,164	na	3,415,000	187.6%
Early Childhood Endowment	0	4,000,000	0	4,000,000	4,000,000	0	4,000,000	4,000,000	na	0	0.0%
Nurturing Healthy Behaviors	0	0	0	0	0	400,000	400,000	0	na	400,000	na
School Lunch	392,032	392,032	0	392,032	392,032	0	392,032	0	0.0%	0	0.0%
Textbook loan program	465,500	465,500	0	465,500	465,500	0	465,500	0	0.0%	0	0.0%
School Breakfast reimbursement	453,008	453,008	94,581	547,589	453,008	0	453,008	94,581	20.9%	(94,581)	-17.3%
Adult Education	214,664	214,664	0	214,664	214,664	0	214,664	0	0.0%	0	0.0%
Learning Communities Aid	882,275	725,000	0	725,000	725,000	0	725,000	(157,275)	-17.8%	0	0.0%
Summer Food Service grants	128,000	130,000	0	130,000	130,000	0	130,000	2,000	1.6%	0	0.0%
High School Equivalency Assistance	0	750,000	0	750,000	750,000	0	750,000	750,000	na	0	0.0%
Step Up Quality Child Care-Scholarships	0	0	0	0	100,000	0	100,000	0	na	100,000	na
Step Up Quality Child Care-Bonuses	0	0	0	0	26,700	0	26,700	0	na	26,700	na
Vocational Rehabilitation	2,000,000	2,050,000	0	2,050,000	2,101,250	0	2,101,250	50,000	2.5%	51,250	2.5%
Revenue											
Homestead Exemption	72,500,000	71,600,000	(6,500,000)	65,100,000	74,900,000	(1,379,000)	73,521,000	(7,400,000)	-10.2%	8,421,000	12.9%
Health & Human Services											
Behavioral Health Aid	75,133,219	70,759,664	0	70,759,664	57,344,214	10,100,000	67,444,214	(4,373,555)	-5.8%	(3,315,450)	-4.7%
ACA Contingency	0	0	0	0	10,000,000	(10,000,000)	0	0	na	0	na
Medical student assistance/RHOP	637,086	637,086	0	637,086	637,086	150,000	787,086	0	0.0%	150,000	23.5%
Children's' Health Insurance	13,107,750	17,638,937	1,809,439	19,448,376	22,425,227	5,134,800	27,560,027	6,340,626	48.4%	8,111,651	41.7%
Public Assistance	108,524,785	107,116,945	(2,900,000)	104,216,945	108,181,405	2,138,483	110,319,888	(4,307,840)	-4.0%	6,102,943	5.9%
Medicaid	644,573,194	710,247,560	(6,557,800)	703,689,760	773,561,292	4,162,605	777,723,897	59,116,566	9.2%	74,034,137	10.5%
Child Welfare Aid	153,774,584	156,756,327	0	156,756,327	138,879,572	(1,100,573)	137,778,999	2,981,743	1.9%	(18,977,328)	-12.1%
Developmental disabilities aid	101,878,371	109,173,012	0	109,173,012	126,248,291	10,791,904	137,040,195	7,294,641	7.2%	27,867,183	25.5%
Community health centers	3,758,060	4,058,060	0	4,058,060	4,058,060	250,000	4,308,060	300,000	8.0%	250,000	6.2%

	FY2012-13 w/o Deficits	FY2013-14			FY2014-15			Change over Prior Year (exclude deficits)			
		Per 2013 Session	2014 Deficits	Revised 2014 Session	Per 2013 Sess	2014 Change	Revised 2014 Session	FY14 \$ Change	FY14 % Change	FY15 \$ Change	FY15 % Change
Health Aid	4,790,612	6,040,612	0	6,040,612	5,890,612	547,000	6,437,612	1,250,000	26.1%	397,000	6.6%
Care Management	2,033,123	2,128,869	0	2,128,869	2,225,644	0	2,225,644	95,746	4.7%	96,775	4.5%
Area agencies on aging	5,966,315	6,100,558	0	6,100,558	6,237,821	1,000,000	7,237,821	134,243	2.3%	1,137,263	18.6%
Natural Resources											
Nebr Water Conservation Fund	2,318,036	2,318,036	0	2,318,036	2,318,036	0	2,318,036	0	0.0%	0	0.0%
Resources Development Fund	3,140,325	3,140,325	0	3,140,325	3,140,325	10,492,793	13,633,118	0	0.0%	10,492,793	334.1%
NRD Water Management grants	500,000	350,000	0	350,000	350,000	0	350,000	(150,000)	-30.0%	0	0.0%
Military Department											
Governors Emergency Program	500,000	500,000	0	500,000	500,000	0	500,000	0	0.0%	0	0.0%
Guard tuition assistance	488,775	488,775	0	488,775	488,775	0	488,775	0	0.0%	0	0.0%
Game and Parks											
Niobrara Council	42,011	42,011	0	42,011	42,011	0	42,011	0	0.0%	0	0.0%
Library Commission											
Local libraries	1,043,240	1,201,240	0	1,201,240	1,209,240	0	1,209,240	158,000	15.1%	8,000	0.7%
Correctional Services											
Vocational and Life Skills Program	0	0	0	0	0	3,500,000	3,500,000	0	na	3,500,000	na
Postsecondary Ed Coord											
Nebr Opportunity Grant Program	6,418,156	6,668,156	0	6,668,156	6,668,156	200,000	6,868,156	250,000	3.9%	200,000	3.0%
Access College Early Scholarship	575,000	640,000	0	640,000	685,000	0	685,000	65,000	11.3%	45,000	7.0%
Arts Council											
Aid to arts programs	838,069	903,069	0	903,069	903,069	0	903,069	65,000	7.8%	0	0.0%
Economic Development											
Business Innovation Act	7,156,396	6,760,000	0	6,760,000	6,760,000	0	6,760,000	(396,396)	-5.5%	0	0.0%
Small Business Innovation Act	200,000	0	0	0	0	0	0	(200,000)	-100.0%	0	na
Grow Nebraska	0	100,000	0	100,000	100,000	0	100,000	100,000	na	0	0.0%
Crime Commission											
Juvenile services grants	587,812	587,812	0	587,812	587,812	0	587,812	0	0.0%	0	0.0%
Community Based Juvenile Services aid	1,477,575	3,000,000	0	3,000,000	5,000,000	(50,000)	4,950,000	1,522,425	103.0%	1,950,000	65.0%
Crimestoppers program	13,457	13,457	0	13,457	13,457	0	13,457	0	0.0%	0	0.0%
Victim Witness assistance	52,559	52,559	0	52,559	52,559	0	52,559	0	0.0%	0	0.0%
Crime Victims reparations	20,000	20,000	0	20,000	20,000	0	20,000	0	0.0%	0	0.0%
Violence Prevention Grants	150,000	350,000	0	350,000	350,000	0	350,000	200,000	133.3%	0	0.0%

	FY2012-13	FY2013-14			FY2014-15			Change over Prior Year (exclude deficits)			
	w/o Deficits	Per 2013 Session	2014 Deficits	Revised 2014 Session	Per 2013 Sess	2014 Change	Revised 2014 Session	FY14 \$ Change	FY14 % Change	FY15 \$ Change	FY15 % Change
Blind and Visually Impaired											
Blind rehabilitation	176,890	176,890	0	176,890	176,890	0	176,890	0	0.0%	0	0.0%
Community Colleges											
Aid to Community Colleges	87,870,147	91,384,953	0	91,384,953	95,040,351	0	95,040,351	3,514,806	4.0%	3,655,398	4.0%
Environmental Quality											
Superfund cleanup	621,850	252,200	0	252,200	316,200	0	316,200	(369,650)	-59.4%	64,000	25.4%
Storm Water Management grants	1,824,996	1,824,996	0	1,824,996	1,824,996	0	1,824,996	0	0.0%	0	0.0%
Tourism Commission											
Tourism grant program	0	250,000	0	250,000	250,000	0	250,000	250,000	na	0	0.0%
Individuals/Other	1,135,669,688	1,212,891,823	(7,648,361)	1,205,243,462	1,278,027,667	26,874,219	1,304,901,886	69,573,774	6.1%	99,658,424	8.3%
Local Government	1,216,370,872	1,284,215,064	(6,501,217)	1,277,713,847	1,339,438,624	5,568,485	1,345,007,109	61,342,975	5.0%	67,293,262	5.3%
Total General Fund State Aid	2,352,040,560	2,497,106,887	(14,149,578)	2,482,957,309	2,617,466,291	32,442,704	2,649,908,995	130,916,749	5.6%	166,951,686	6.7%

Appendix D

Historical Variance, Projected vs Actual General Fund Receipts

Millions of \$	Projected Sine Die *	Actual Receipts	\$ Variance	% Variance	
				Negative	Positive
FY 1986-87	878.0	886.4	8.4		1.0%
FY 1987-88	924.3	1,016.3	92.0		10.0%
FY 1988-89	988.4	1,133.5	145.1		14.7%
FY 1989-90	1,110.9	1,152.7	41.8		3.8%
FY 1990-91	1,334.6	1,367.1	32.5		2.4%
FY 1991-92	1,493.2	1,490.4	(2.8)	-0.2%	
FY 1992-93	1,537.3	1,524.7	(12.6)	-0.8%	
FY 1993-94	1,662.5	1,653.7	(8.8)	-0.5%	
FY 1994-95	1,729.9	1,706.0	(23.9)	-1.4%	
FY 1995-96	1,834.3	1,836.7	2.4		0.1%
FY 1996-97	1,918.0	2,009.6	91.6		4.8%
FY 1997-98	1,993.8	2,105.4	111.6		5.6%
FY 1998-99	2,102.9	2,123.9	21.0		1.0%
FY 1999-00	2,326.3	2,403.9	77.6		3.3%
FY 2000-01	2,484.3	2,456.8	(27.5)	-1.1%	
FY 2001-02	2,646.0	2,365.5	(280.5)	-10.6%	
FY 2002-03	2,725.7	2,456.4	(269.3)	-9.9%	
FY 2003-04	2,732.0	2,718.7	(13.3)	-0.5%	
FY 2004-05	2,775.5	3,037.2	261.7		9.4%
FY 2005-06	3,092.3	3,352.2	259.9		8.4%
FY 2006-07	3,217.0	3,408.3	191.4		5.9%
FY 2007-08	3,389.2	3,506.1	116.9		3.5%
FY2008-09	3,531.7	3,357.5	(174.3)	-4.9%	
FY2009-10	3,446.7	3,204.7	(242.0)	-7.0%	
FY2010-11	3,422.2	3,499.7	77.4		2.3%
FY2011-12	3,591.1	3,695.9	104.8		2.9%
FY2012-13	3,767.1	4,052.4	285.3		7.6%
FY2013-14 est **	4,020.7	4,100.5	79.8		2.0%
FY2014-15 est	4,175.0	?	?	?	?
FY2015-16 est	4,367.0	?	?	?	?
FY2016-17 est	4,628.0	?	?	?	?
FY2017-18 est	na	?	?	?	?
Avg Variance				-4.4%	4.7%

* Projected at Sine Die means the estimated net receipts at the time that fiscal years' budget was set adjusted any subsequent tax rate or other changes which are reflected in the actual receipt figures. Initially the dollar amount shown would be the "certified forecast" for Cash Reserve Fund transfer purposes except in cases where the forecast is subsequently reduced and the forecast is "re-certified" at the lower number.

** Assumes FY14 actual receipts will equal forecast