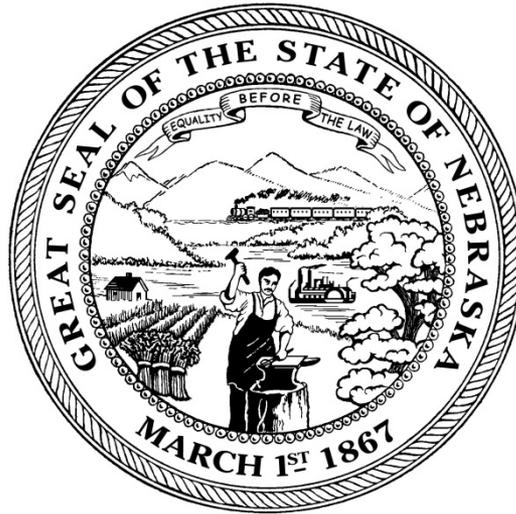


State of Nebraska



**Mid-Biennium
Budget Adjustments
2015-2017 Biennium**



Pete Ricketts
Governor

January 14, 2016

Objectives:

- Grow Nebraska
- Slow Growth of Spending
- Provide Tax Relief
- Continue Reforms in Corrections and Health and Human Services
- Drive Cultural Change and Operational Excellence in State Agencies

Mid-Biennium Budget Adjustments

- \$154 million downward revision in biennium General Fund tax receipts forecast
- Legislative Fiscal Office projected \$110 million budget gap
- Eliminate \$87.5 million in FY 2014-15 General Fund reappropriations (unspent carryover) in FY 2015-16
- Reduce 2015-2017 biennium General Fund new appropriations by \$5.7 million
- Increase transfers to the General Fund by \$16 million
 - Securities Act Cash Fund - \$6 million each year
 - Insurance Cash Fund - \$2 million each year

Governor's Budget and Initiative Highlights

- Property Tax Relief
 - Tighten local government spending limits
 - Tighten local government levy limits
 - Control growth in the TEEOSA school aid formula
 - Limit the statewide increase in the agricultural property class to no more than 3% by adjusting the value of agricultural and horticultural land

Governor's Budget and Initiative Highlights

- Transportation Infrastructure
 - Create a Transportation Infrastructure Bank with phased-in transfers from the state Cash Reserve Fund
 - Accelerate projections on the state highway system
 - Provide additional funding for repair and replacement of deficient county bridges
 - Support new business and expansions by connecting them to Nebraska's transportation network

Governor's Budget and Initiative Highlights

- Corrections Capacity
 - Authorize new capital construction for increased community corrections beds with \$26.3 million from the state Cash Reserve Fund
 - Provide \$4.6 million General Funds to the Department of Corrections to continue housing inmates in county jail facilities in FY 2016-17

General Fund Financial Status

		Actual FY2014-15	Current Biennium		Next Biennium	
			FY2015-16	FY2016-17	FY2017-18	FY2018-19
1	<u>Beginning Balance</u>					
2	Beginning Cash Balance	\$673,683,437	\$732,273,130	\$315,998,617	\$269,352,495	\$262,298,815
3	Cash Reserve Fund transfer-Automatic	(96,721,232)	(84,599,532)			
4	FY2014-15 carryover obligations/reappropriations		(343,878,680)			
4a	2016 Session - FY2014-15 reappropriation reductions		87,581,274			
5	Allocation for potential deficits			(5,000,000)	(5,000,000)	(5,000,000)
6	Unobligated Beginning Balance	576,962,205	391,376,192	310,998,617	264,352,495	257,298,815
7	<u>Revenues</u>					
8	Net Receipts (October NEFAB; Next-LFO Hist. Avg.)	4,306,364,121	4,403,000,000	4,562,000,000	4,742,502,000	4,948,411,000
9	General Fund transfers - out	(188,350,000)	(217,600,000)	(217,100,000)	(216,300,000)	(216,300,000)
10	General Fund transfers - in					
11	Cash Reserve Fund transfers	67,701,112				
12	2016 Session - General Fund transfers - in		8,000,000	8,000,000		
13	General Fund Net Revenues	4,185,715,233	4,193,400,000	4,352,900,000	4,526,202,000	4,732,111,000
14	<u>Appropriations</u>					
15	Actual Expend./Appropriations	4,030,404,308	4,271,803,869	4,397,255,680	4,397,255,680	4,397,255,680
16	2016 Session - Claims Bill		358,435			
17	2016 Session - Mid-Biennium Budget Adjustments		(3,384,730)	(2,709,558)		
18	Next Biennium - Overall Budget Increases, excluding Property Tax Relief				114,000,000	243,000,000
19	Property Tax Relief - TEEOSA				17,000,000	25,000,000
20	General Fund Appropriations	4,030,404,308	4,268,777,574	4,394,546,122	4,528,255,680	4,665,255,680
21	<u>Ending Balance</u>					
22	Dollar ending balance	732,273,130	315,998,617	269,352,495	262,298,815	324,154,135
23	Minimum Biennial Reserve Requirement			267,785,639		277,504,820
24	Variance from Minimum Reserve			1,566,856		46,649,315
25	Biennial Reserve (%)			3.0%		3.5%
26	Annual % Change - Appropriations	7.2%	3.7%	2.9%	3.0%	3.0%
27	Two Year Average	6.5%	--	3.3%	--	3.0%
28	Annual % Change - Net Receipts (Nominal)	4.9%	2.4%	3.6%	3.8%	4.3%
29	Two Year Average	3.2%	--	3.0%	--	4.1%
30	Structural Receipts v. Approps.	87,609,813	(75,377,574)	(41,646,122)	(2,053,680)	66,855,320

Cash Reserve Fund Status

	Actual	Current Biennium		Next Biennium	
	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
1 Beginning Balance	719,065,306	727,835,426	702,339,649	652,339,649	602,339,649
2 Transfer Amounts Above Forecasts	96,721,232	84,599,532			
3 To/From General Fund	(67,701,112)	0	0		
4 To State Patrol Cash Fund (correction)	(250,000)				
5 To NCCF for Central NE Veterans Home		(43,015,459)			
6 To NCCF for Capitol courtyard fountains and HVAC	(14,500,000)	(7,804,292)			(20,436,714)
7 To Republican River Compact Litigation Contingency Fun	(5,500,000)				
8 To NCCF for Global Center for Advanced Learning		(25,000,000)			
9 To Oral Health Training and Services Fund		(8,000,000)			
10 2016 Session - Transfer to Transportation Infrastructure Bank			(50,000,000)	(50,000,000)	(50,000,000)
11 2016 Session - Transfer to NCCF for DCS capital projects		(26,275,558)			
Ending Balance	727,835,426	702,339,649	652,339,649	602,339,649	531,902,935

Closing the Projected Budget Gap

November 2015 Tax Rate Review (TRR) Committee Report Budget Shortfall	\$110.2 million
Subtract TRR report estimate of increased 2015-2017 appropriations	-\$2.9 million
Revised budget shortfall \$107.3 million	
Reduce reappropriations	-\$87.6 million
Additional Securities Act and Insurance Cash Fund transfers to General Fund	-\$16 million
Reduce new appropriations	-\$5.7 million
Impact of actions above on 3% minimum reserve calculation	0.5 million
Total of Governor's Budget Actions	-\$108.8 million
Governor's Recommendation - Variance from 3% Minimum Reserve	\$1.5 million

Reappropriation Reductions

Reduce Behavioral Health Aid reappropriation for unnecessary maintenance of effort earmark	\$	(3,000,000)
Reduce Children's Health Insurance reappropriation	\$	(11,146,819)
Reduce Medicaid reappropriation	\$	(73,434,455)
Redirect Medicaid reappropriation to DD provider rate methodology - federal approval delay	\$	<u>(11,340,542)</u>
Total Medicaid reappropriation reduction	\$	(84,774,997)
Redirect Medicaid reappropriation to DD provider rate methodology - federal approval delay	\$	<u>11,340,542</u>
Total Net Reappropriation Reductions	\$	<u><u>(87,581,274)</u></u>

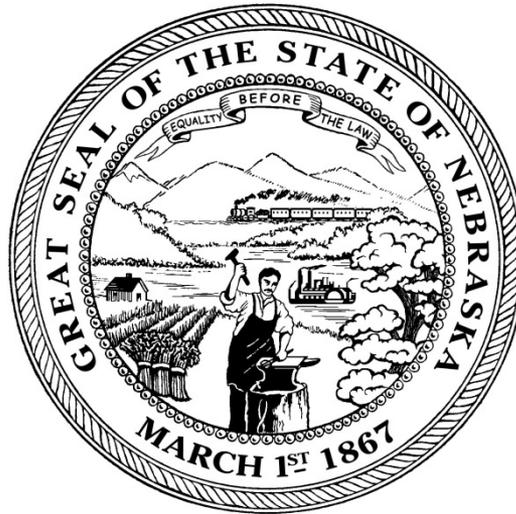
Review

- Addresses the \$154 million revenue forecast reduction
- Provides property tax relief and tightens local government spending and levy limits
- Accelerates improvements to our transportation infrastructure for mobility, freight, safety, and economic benefits to the public
- Increases correctional bed capacity

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Questions?