



MEMORANDUM

DATE: July 14, 2016
TO: Code Agency Directors
FROM: Governor Pete Ricketts
SUBJECT: Fiscal Restraint

The Department of Revenue reported today that net General Fund tax receipts were \$24 million below the certified tax receipt forecast for the month of June. As a consequence, Nebraska state government ended fiscal year 2015-16 \$95.0 million, or 2.2 percent below the certified forecast upon which the first year of the current biennial budget is based. The Nebraska Economic Forecasting Advisory Board in February had increased the tax receipt forecast by another \$17 million which causes this shortfall to total \$112 million when compared to the revised tax receipt forecast of the Board.

This shortfall, combined with a likely downward revision in future tax receipt forecasts, is a clear indicator of our need to closely review all spending decisions to provide the greatest efficiency in the delivery of state service:

Hiring: Review all vacant positions in order to determine improvements in management or process that may allow postponement or elimination of the hiring of another employee.

Travel: Limit travel to that essential to the continued delivery of services most specifically for the safety and protection of our citizens. Use technological alternatives, such as voice and video calls or web-based meetings in lieu of traditional meetings that otherwise require travel.

Technology and equipment: Coordinate software and hardware purchases with the Office of the Chief Information Officer in order to achieve the greatest savings and shared use possible. Limit equipment purchases to those necessary to gain efficiency in the delivery of services.

Grants in Aid: Seek efficiency from your partner political subdivisions or other organizations in providing state services.

I have instructed the State Budget Division to reduce the quarterly allotment of fiscal year 2016-17 appropriations to state agencies, boards, and commissions by 1 percent to cause additional spending restraint and to prepare for possible reductions to current budgets. Any FY 2015-16 appropriations unspent by state agencies on June 30, 2016 will be reserved for payment of prior year obligations or justified one-time expense.

As you know, we have also issued budget instructions for preparation of the upcoming 2017-2019 biennial budget that require state agencies, boards, and commissions to identify eight percent budget reductions in general fund appropriations for consideration by myself and the Legislature in preparation for the 2017 legislation session. This information will be especially important as a consequence of lower than forecasted tax receipts.

Today's tax receipt report specifically impacts the state budget financed from the General Fund. It is equally important, however, that you focus good fiscal discipline on spending financed from fees, assessments, or other tax revenues. Fees and assessments should be reduced to eliminate excess fund balances and spur economic activity.

Your attention and good stewardship is appreciated as you manage your budgets for the remainder of the current biennium and as we prepare for development of the 2017-2019 biennial budget.

Please address any questions to your assigned Budget Management Analyst in the Department of Administrative Services State Budget Division.

Thank you.