

## INTRODUCTION

The 2001-2003 biennial budget and legislative initiatives represent Governor Johanns commitment to build on the five objectives that have become a hallmark for his administration. During his first two years in office, the Governor has effectively delivered on an agenda of lower taxes, less government, a strong statewide economy, safe communities, and ensuring the health, safety, and success of Nebraska's children. In addition, the Governor is building on his record of success in the area of education with an aggressive agenda of investment in Nebraska's children.

## LOWER TAXES

Pursuant to the Legislature's property tax plan initiated in LB 1114 (1996) and honoring his own commitment to reduce the reliance on property taxes, Governor Johanns' recommendations include an increase of \$89 million General Funds in FY 2001-02 and \$93 million General Funds in FY 2002-03 to **finance the reduction of the maximum levy allowed for public schools** from \$1.10 to \$1.00.

Also included in the Governor's recommendation is a continuation of the additional \$30 million per year in direct property tax relief by way of the **community college aid** formula. This additional funding will reduce the average statewide levy for Community College Areas by approximately 3.5 cents per \$100 of property valuation in each year of the coming biennium.

## LESS GOVERNMENT

Governor Johanns will continue to encourage State agencies in the coming biennium to review their use of human resources and to exercise restraint and judgement prior to routinely refilling vacant positions. Instilling a greater level of judgement into the process will allow agency management to direct resources into areas with higher demand. In addition, the Governor supports efforts to use technology to improve the efficiency and effectiveness of government work processes and to improve access to government by its citizens.

In response to the Governor's initiative to use technology to make State government more efficient and accessible to the public, the **Nebraska Information Technology Commission (NITC)**, in coordination with State agencies, has prioritized a list of information technology project funding requests for the next biennium. The Governor has endorsed over \$8.8 million in the next biennium for database, systems enhancement and e-government projects designed to improve service and efficiency of operations for many agencies. In addition, the Governor supports over \$10 million per year in other technology enhancement projects and operational equipment support included within the respective agency budget requests.

## BUILDING NEBRASKA'S ECONOMY

In FY 1999-00, Governor Johanns asked a Venture Capital Working Group comprised of executives from the banking industry, legal profession, University of Nebraska, and venture capital investment companies to review the proper role of State government in encouraging and

improving venture capital investment in Nebraska businesses. As a result of this review, the Governor will seek adoption of a bill in the 2001 legislative session to create the Venture Capital Forum. The bill would establish a program to provide education and technical assistance to start-up and small companies with rapid growth potential and to work similarly with venture investors. New funding of \$200,000 for each year of the next biennium is recommended for the Department of Economic Development to contract for delivery of this new program.

Provisions of the Nebraska Redevelopment Act sunset in FY 2000. Consequently, new project applications for consideration under the Act will no longer be considered. The program allows a company that creates at least 500 new jobs and invests at least \$50 million in a designated blighted or substandard area of the State to take advantage of Tax Increment Financing (TIF). The Governor endorses reauthorization of the **Nebraska Redevelopment Act** this legislative session to help expand the State economy while providing local area benefits.

Current law no longer allows the State to consider new applications for benefits under the Quality Jobs Act. The program allows a company that creates 250 new jobs and makes \$100 million in new investments or creates 500 or more new jobs and makes \$50 million in new investments to apply for tax credits to be used to offset the cost of providing benefits, training, or workplace safety programs for qualified employees under the Act. The Governor supports reauthorization of the **Quality Jobs Act** as an economic development tool to help expand the State's economy.

The Documentary Stamp Tax is applied at the rate \$1.75 per \$1,000 of the sales price on residential sales of property. Of the \$1.75 rate, \$1 is deposited into the **Affordable Housing Trust Fund**. The fund is due to receive its last deposit from the Documentary Stamp Tax by December 31<sup>st</sup>, 2002. In order to continue to address the shortage of affordable housing, which could impact the State's competitiveness in attracting new and expanding business and opportunities for economic growth, the Governor endorses legislation which continues the Documentary Stamp Tax transfers to the Affordable Housing Trust Fund. This will provide approximately \$7 million per year for the Department of Economic Development to use in the continuing efforts to provide affordable housing for Nebraskans.

In response to the Workforce Investment Act of 1998, changing economic conditions and the demand for more efficient and more responsive government programs, Governor Johanns has established the Nebraska Workforce Investment Board (NWIB) to initiate systematic reforms to improve the State's **Workforce Development** system. A direct result of the Governor's call for reforms is the consolidation of the Employment Service, Job Training, and Labor Market Information functions of the Department of Labor into the Office of Workforce Services.

The Governor's recommendation directs a portion of the current State cigarette tax to programs in Lincoln and Omaha that will provide economic benefit for the entire State. One million dollars would be contributed each year for fifteen years to Lincoln's **Antelope Valley project** and \$1.5 million would be contributed each year for fifteen years to Omaha's **Riverfront Development project**. These allocations would replace a current allocation of cigarette taxes to the Omaha Civic Auditorium that is scheduled to expire. No other recipient of cigarette taxes will see their current allocation reduced as a result of the Governor's proposal.

As part of the Governor's on-going effort to promote new business growth and opportunities in Nebraska, the Governor's recommendation includes over \$1.1 million in cash spending authority over the biennium to the Department of Economic Development to help employers provide **customized job training** to new employees of companies locating or expanding operations in Nebraska, and for training programs that upgrade the skills and productivity of existing workers.

## HEALTH, SAFETY, AND SUCCESS OF NEBRASKA S CHILDREN AND FAMILIES

### K-12 Education

The Governor s recommendation for the Tax Equity and Educational Opportunities Support Act (TEEOSA) provides additional State funding consistent with the statutory requirements enacted by the Legislature. The Governor s budget increases **State aid to schools** under TEEOSA by \$92.6 million General Funds in FY 2001-2002 and another \$28.3 million General Funds in FY 2002-2003. These recommendations recognize that the State has a commitment to provide sufficient funding for the needs of school districts in Nebraska.

Pursuant to new statutory provisions enacted in LB 1243 last session, increases in State appropriations for aid to schools for **special education** are limited to no more than 5% per year. The Governor s recommendation for special education adopts this new growth rate and provides increases of nearly \$7 million in FY 2001-02 and \$14.3 million in FY 2002-03 to reimburse schools for special education expenses. The additional funding should allow public schools to keep up with growing costs in order to provide an appropriate education for students with special needs.

Governor Johanns has committed funding to two programs that will help to attract students into the teaching profession and improve the quality of teachers in the State of Nebraska. The Governor has committed over \$500,000 General Funds over the biennium for the **Master Teacher Program**. This program will provide an annual bonus to teachers who achieve rigorous national certification. The Governor has also endorsed State General Funds to finance the **Attracting Excellence to Teaching Program**, which will provide loans to teacher education students who agree to teach in Nebraska public or private schools. Borrowers will be eligible to have loan repayment forgiven for each year they teach in Nebraska. Governor Johanns has committed \$2.7 million a year to this program beginning in FY 2002-2003.

The Governor will also support legislation to expand Nebraska's **Teacher Mentoring Program**. The bill will require participation for all first-year teachers and make the program available to any second and third-year teachers who wish to participate. It is currently only available to first-year teachers. The mentoring program was implemented in FY 1999-00 and is supported with lottery funds.

In support of the Governor s priority of developing our youth, the Governor has recommended that **aid to Educational Service Units for core services and technology** be increased by almost \$1 million over the biennium. In addition, the Governor s budget includes \$334,809 over the biennium to increase aid to public schools for **High Ability Learner programs**.

The Governor has also recommended an increase in General Funds for the purpose of establishing an Indian Education Coordinator within the Department of Education. The Coordinator will provide **technical assistance to school districts in Nebraska with Native American students** both on and off reservations.

### Higher Education

For the **University of Nebraska and the Nebraska State Colleges**, the Governor's recommendation includes a General Fund increase of \$26.6 million in FY 2001-02 an additional

\$29.4 million in FY 2002-03. For the University this provides a 6.2% General Fund increase in FY 2001-02 and a 6.4% increase in FY 2002-03; and, at the State Colleges, this provides a 7.3% increase in FY 2001-02 and an additional 7.9% increase in FY 2002-03.

**Salary increase dollars** approximating 5% per year at State Colleges and almost 5.1% per year at the University of Nebraska are provided entirely from the State General Fund for the State-Aided functions at the institutions. Accompanying benefits are provided at the General Fund share level.

**Health insurance** is funded as requested, on a fund share basis for the State Colleges and the University, and includes the December revised request as submitted by the University of Nebraska. Given the high priority it has been accorded by the Regents and by past Nebraska Legislatures, some additional funding is provided for **promoting gender equity** at the University. At the State Colleges some funding is provided for a director at the Mari Sandoz Center which is in the process of being formally established through private and federal funding.

The State's share of such priorities as LB 1100 depreciation, utilities, workers' compensation premiums, most new building operations and maintenance, and other **operating cost increases** are provided to the University of Nebraska and the Nebraska State Colleges.

The **electrical substation improvements** and the **Veterinary and Optometry student contract slots** at the University have been provided with some additional funding.

The **Experimental Program to Stimulate Competitive Research (EPSCoR)** match funding has been moved from the Department of Economic Development to the University of Nebraska. In addition \$65,000 of new General Funds has been provided each fiscal year to help establish a minimum of 25 **new applied research internships** which are to be made available in conjunction with federal funds from the National Science Foundation through the EPSCoR program. An industry match should provide additional funding. Internships have a good track record of not only enhancing the educational experience, but also of helping to retain exceptional students in the Nebraska workforce upon graduation.

The **community college aid formula** is fully funded, as requested, under the Governor's recommendation. In addition, \$210,000 is added in FY 2001-02 and continued in FY 2002-03 for **Foundations Education**. The same amount is added in FY 2001-02 and continued in FY 2002-03 for **workforce and community development**. Also, information technology projects currently underway at Metro Community College and at Southeast Community College are reaffirmed under the Governor's recommendation.

The Governor's recommendation provides an additional \$345,000 General Funds in FY 2001-02 and an additional \$365,000 in FY 2002-03 for the **student financial aid programs** administered by the Coordinating Commission for Postsecondary Education in order to compensate for potential tuition rate increases.

For the Nebraska Educational Telecommunications Commission, the Governor's recommendation provides for increased **digital TV operating costs, utility cost increases, telecommunications and fiber cost increases, and for uplink remote control system maintenance**.

## Juvenile Justice

In 1999, a comprehensive juvenile facilities master plan, which analyzed and prioritized facility and programmatic needs within Nebraska's juvenile justice system, was completed. For the 2001 session, the Governor proposes both legislative and budget initiatives that dedicate significant additional resources to juvenile justice programs. These initiatives will 1) coordinate juveniles' entry into the State system by enacting a "gatekeeper" structure; 2) alleviate overcrowding at the Geneva and Kearney YRTCs by developing a fuller array of services; 3) create a new General Fund aid program for counties to develop, sustain, and foster new community-based programs for adjudicated juvenile delinquents; 4) create new substance abuse and mental health programming for juveniles committed to the care and custody of the State; 5) sustain current substance abuse treatment programs at both Kearney and Geneva; and 6) provide for an evaluation of facilities for transitioning an existing Department of Correctional Services facility to the Office of Juvenile Services to serve as a Level 5 secure facility and to serve as a location for a possible future sex offender treatment program.

In order to alleviate overcrowding at the two YRTCs, the Governor's proposal, in part, provides \$2.9 million over the biennium to the Department of Health and Human Services/Office of Juvenile Services for the **expansion and development of substance abuse and mental health programming**. The proposal seeks to separate from existing populations those juveniles that can benefit from new and expanded substance abuse and mental health programming provided at the agency's Hastings facilities.

Substance abuse treatment and prevention is also addressed at the Kearney and Geneva YRTCs. The Governor's recommendation includes replacement funding for **Chemical Dependency Counselors** at the two YRTC facilities. Current federal Byrne grant dollars, which now fund these positions, will expire in the upcoming biennium.

The Governor will also seek legislation to provide substantial funding to **create a new General Fund aid program for counties to develop, sustain, and foster community-based programs** for adjudicated juvenile delinquents. This initiative addresses concerns expressed by county government regarding the rising cost of providing certain juvenile placements. After being phased in over the first year of the biennium, the Governor's recommendation provides for approximately \$4 million annually to be distributed to counties for development of these new community-based services. The Governor's budget also increases funding for existing **community-based services for juveniles** \$499,904 in FY 2001-02 and \$1 million in FY 2002-03 to be used for services such as youth residential and non-residential evaluations, special needs counseling, and vocational rehabilitation.

The juvenile facilities master plan report indicated that one priority to alleviate YRTC overcrowding and to more appropriately segregate the current incarcerated juvenile population was to create a Level 5 secure youth confinement facility to be administered by the Office of Juvenile Services. Last year, efforts were made to transfer the existing Department of Correctional Services Nebraska Correctional Youth Facility in Omaha to the Office of Juvenile Services. Since consideration of that proposal, other viable options have been reviewed. The Governor's recommendation provides funding to evaluate facilities for the transfer of the Hastings Correctional Center to the Office of Juvenile Services in order to **create a Level 5 secure confinement facility and to develop a potential future sex offender treatment program** at that site.

## Mental Health

The Governor has included over \$6 million General Funds over the biennium in his budget and will seek legislation to earmark another \$6 million over the biennium from the Tobacco Settlement Trust Fund to build capacity in the State's **public mental health system**. The additional aid will address critical issues such as waiting periods for services, significant increases in post commitment days (the number of days between commitment and movement to a Regional Center), and increases in lengths of stay at the Regional Centers. These problems are the result of a shortage of services in the community necessary to serve the individuals requiring mental health services. These funds will be used to develop services that support recovery and allow individuals to remain in their own communities close to friends and family. The appropriation will also address the **mental health needs of Native American Tribes** and the increasing demand for assistance in the **rural/farm crisis counseling program**.

The added funding for the State's public mental health system will also allow for rate increases for providers. The Health and Human Services System, in collaboration with Mental Health and Substance Abuse Regions and service providers, will review the cost of providing services and increase rates as necessary during FY 2001-02.

The Governor's budget also adds General Funds of \$1.5 million in FY 2001-02 and just over \$3 million in FY 2002-03 to ensure that **community-based mental health services** continue unaffected by the loss of federal funds.

The Governor has included additional funding in the Medicaid program to allow for a **reduction in the spenddown required of certain Medicaid patients residing in licensed assisted living facilities**. A spenddown reduction will afford patients the ability to utilize less of their own resources for the cost of housing. Increased funding is also provided for the Assistance to the Aged, Blind, and Disabled State supplement program to **increase payments to persons in licensed assisted living facilities**. The increased payments will be passed on to providers and will raise facilities reimbursement to a level that more reasonably reflects the cost of operation. These increases are designed to address the shortage of community-based housing for indigent people with chronic mental illness.

## Other Human Services

Governor Johanns' budget includes an increase of \$3 million General Funds over the biennium to expand the successful **Early Childhood Projects** funded through the Department of Education as outlined in Children Can't Wait, a report by the Lieutenant Governor's Early Childhood Interagency Team. This additional funding will help to improve the likelihood of success for children in school and life.

The Governor will seek adoption of legislation in 2001 to enact a **permanent three-part distribution of Nebraska's tobacco settlement proceeds**. Under the Governor's initiative, tobacco settlement proceeds will be allocated to innovative biomedical research efforts, public health grants recommended by the existing Nebraska Health Care Council, and critical and emergent health care needs as determined by annual legislative appropriations.

LB 972, enacted during the 2000 session of the Legislature, requires the creation of a **Child Support Customer Service Center** to provide assistance to persons needing information regarding income withholding, the collection and disbursement of support order payments, and other enforcement issues following implementation of the State Disbursement Unit in the State Treasurer's Office. Funding of \$1.2 million each year of the biennium has been added to enable

the Child Support Enforcement unit of Health and Human Services to comply with the statutory requirements. The funding will also be used to hire **additional Child Support Enforcement Workers** as provided in LB 972.

Funding has been included to address increasing **costs for medical services, food, clothing, and other unique operating costs at the State s 24-hour care facilities**. Funds for increasing utility rates and maintenance costs are also included.

The federal financial participation rate for the State s Medicaid program is calculated annually based on the relationship between each State s per capita personal income and that of the nation as a whole for the three most recent years. As a result of Nebraska s continued positive economic status, the federal match rate was reduced for the coming year. General Funds of \$25.8 million is included for the biennium to offset that federal reduction. Additional General Funds of \$39 million in FY 2001-02 and \$72 million in FY 2002-03 is included to cover added utilization, medical inflation, and provider rate increases in the Medicaid program.

In order to provide access to expensive medical care required in the **treatment of breast and cervical cancer** to women with low incomes, the Governor recommends that \$230,000 General Funds each year be appropriated to the Medicaid program.

Funding is included for the **child care subsidy** program to cover expected increases in the cost of child care services for low-income working families. The Governor s budget includes increases of \$2 million in FY2001-02 and \$3 million in FY2002-03 to continue to help providing access to quality, affordable child care as recommended by the Lieutenant Governor s Early Childhood Interagency Team.

Additional funding of \$900,000 is included for the next biennium to continue the **Adoption Incentive Program**. A total of 600 new adoptive families of State wards will receive adoption incentive payments as a result of this program.

Over \$10.5 million of General Funds has been added over the biennium to address **foster care assistance, subsidized adoption, and child welfare services** which are required to assist families in crisis and children who are the victims of family disintegration. Additional funds are provided for **education costs of State wards**.

More than \$7.3 million General Funds has been added to increase **rates for private providers of services for the developmentally disabled**. The additional funding will increase rates to 100% of the established reimbursement methodology and allow service providers to raise salaries for their employees. In addition, funds are included for **support services for persons transitioning from special education**.

General funds of \$150,000 in FY 2001-02 and \$210,000 in FY 2002-03 are added to provide additional **service coordination for elderly persons** facing long-term care decisions. Information and assessment will be provided to enable the frail elderly to find care services that will preserve their independence as long as possible. The Governor also recommends increases of \$345,000 in FY 2001-02 and \$540,000 in FY 2002-03 to provide additional **in-home, emergency response, and family caregiver assistance for the elderly**.

The goal of a Statewide Trauma System is to match the needs of each injured patient to the trauma care provider s resources so that every patient receives optimal care from the initial recognition of injury through the return to the community. The Governor s recommendation includes \$105,000 in FY 2001-02 and \$152,946 in FY 2002-03 to provide **State-level coordination for implementing the Statewide Trauma System**. The additional funding will

enable the Statewide Trauma Systems Board to oversee creation of regional trauma boards and directors, as well as development of protocols to enable communication and cooperation by trauma care providers including EMS, emergency room, hospital and rehabilitation facilities.

The Governor's budget includes funding for increased **data processing costs** at the Department of Health and Human Services - Finance and Support to maintain efficiently operated computer systems. General and Federal funds are included to continue enhancement of the **CHARTS** system consistent with requirements of the State Disbursement Unit and other federally mandated changes.

The Governor has also committed \$200,000 General Funds over the biennium to leverage a two for one federal match for the Department of Education to begin implementing a system for **community-based neurobehavioral rehabilitation programs** and services for individuals whose primary disability results from brain or head injuries.

## SAFE COMMUNITIES

The Governor's recommendation continues to place a strong emphasis on improving and strengthening the Nebraska State Patrol and making enhancements that will benefit all of local law enforcement across the State.

The Governor has reserved funding of \$303,500 General Funds and \$60,000 Federal Funds for both FY 2001-02 and FY 2002-03 to implement legislation that would allow for a **conversion of qualified carrier enforcement officers to the position of state trooper**. The position of Carrier Enforcement Officer will be phased out over a period of time and replaced by the position of State Trooper. This legislation will help eliminate most of the officer retention problem within the Carrier Enforcement Division. Financing of this legislation will come exclusively from the General Fund and the Motor Carrier Safety Assistance Program federal grant. There will be no additional burden placed on gasoline tax revenues to implement this legislation.

The Governor has included General Funds in the budget to replace significant federal funds that will be expiring in the next biennium. The budget will provide on-going funding for 22 existing Nebraska State Patrol positions. More specifically, the Governor has added \$593,641 General Funds in both FY 2001-02 and FY 2002-03 to continue funding 18 administrative positions under the COPS MORE Federal Grant. This has allowed for the **redeployment of law enforcement officers from administrative posts back into direct law enforcement services**. The budget also includes \$154,238 General Funds in both FY 2001-02 and FY 2002-03 to continue funding 4 staff positions after the expiration of the COPS 96 Federal Grant.

The Governor's budget also strengthens State support to our multi-jurisdictional law enforcement task forces across the State by adding 6 additional **investigators** at a cost of \$395,093 General Funds in both FY 2001-02 and FY 2002-03. Several local jurisdictions currently contract with the Nebraska State Patrol to support regional task force activities with local Byrne Grant funds. The Governor's action will free up local and federal funds to enhance our task force efforts.

The Governor's budget recommendation adds 4 new State Patrol trooper positions in FY 2001-02 and an additional 4 trooper positions in FY 2002-03 for a total of 8 new **State Patrol officers** in the next biennium. Funding has been included at \$207,170 General Funds in FY 2001-02 and \$429,156 General Funds in FY 2002-03.

The Governor has also recommended funding for 3 additional Communications Specialists at a cost of \$97,740 General Funds in both FY 2001-02 and FY 2002-03. This will begin to help address the volume of service calls and **communication response time** within the State dispatch centers. This addresses both a public safety and officer safety concern.

The Governor's recommendation includes \$30,000 General Funds for both FY 2001-02 and FY 2002-03 to conduct **DNA cold case investigations**. This funding will employ modern investigative techniques to solve older pending criminal cases.

The Governor's budget proposal includes \$500,000 during the upcoming biennium to enhance the **Criminal Justice Information System (CJIS)**, Nebraska's statewide computerized criminal information and history database. CJIS is utilized by State and local law enforcement agencies and the court system. The Governor is recommending increased funding of \$250,000 from the Information Technology Infrastructure Fund for both FY 2001-02 and FY 2002-03 to the Crime Commission to provide Federal Access / CJIS Server Integration.

The Governor's budget recommendation includes funding of \$10,455,633 General Funds in FY 2001-02 and \$17,655,633 General Funds in FY 2002-03 to provide a phase-in of full **staffing and operating costs at the new prison facility at Tecumseh**. At the end of December of 2000, the incarcerated population within the adult prison system stood at 161% of design capacity. This new facility will help to ease the current overcrowding problem within the Department of Correctional Services.

The Governor has reserved funding of \$250,000 General Funds in both FY 2001-02 and FY 2002-03 to implement legislation that would **reimburse counties for jail costs of housing parole violators** in local facilities before these individuals can be transferred back to State facilities.

The Nebraska Public Safety Wireless Communication System Act, enacted during the 2000 session of the Legislature, provided for development of a needs assessment and implementation plan for a seamless **statewide public safety communications system**. The needs assessment and 10-year implementation plan have now been completed. Over \$2 million each year of the next biennium is included in the Governor's budget to further the State's interest and investment in public safety communications.

## **STATE LABOR AND HEALTH CONTRACTS**

The Governor has included funding for salary and health insurance adjustments in the budget for the upcoming biennium. The funding package includes adjustments for employees covered by the Nebraska Association of Public Employees Local 61 of the American Federation of State, County, and Municipal Employees (NAPE/AFSCME), the State Code Agency Teacher's Association (SCATA), the State Law Enforcement Bargaining Council (SLEBC), and non-contract State employees. The bargaining process was not completed in time for the details of any agreement or the impact of the contracts on individual employees to be included in this publication.

The Governor's recommendation includes \$61.4 million General Funds in the 2001-2003 biennium to finance the labor cost of the NAPE/AFSCME contract, the SCATA contract, the SLEBC contract, elected officials, and non-contract employees. This amount has been recommended to cover salary and wage adjustments, benefit items such as health insurance, and the annualization of FY 2000-01 step plan costs contained in current labor contracts.

To facilitate recruitment and retention of quality employees within specific job classifications, the Governor has budgeted an additional \$5.8 million General Funds over the next biennium. This funding will be used to increase pay for jobs where extreme difficulty exists in recruiting qualified employees and where excessive employee turnover detracts from organizational efficiency.

## OTHER INITIATIVES AND ADJUSTMENTS

Included in the Governor's recommendation are the funds necessary for the start-up of a centralized **State Disbursement Unit (SDU)** as a component of the State Treasurer's Office. The SDU is designed to provide a single, central location for collecting and disbursing child and medical support payments. The unit will work closely with the Department of Health and Human Services to use information from the CHARTS (Children Have A Right to Support) data system to ensure timely and accurate payments.

The State of Nebraska is currently involved in litigation with the State of Kansas concerning **Republican River water rights**. Nebraska will devote resources in four areas in preparing a defense and handling of claims associated with the suit: (1) case administration, (2) factual and scientific data development, (3) attorney fees and, (4) special master fees and related costs. The Governor's recommendation includes \$15 million General Funds for the biennium consisting of new General Fund appropriations and the redirection of anticipated savings from the settlement prior to trial of water rights litigation involving the State of Wyoming. The Governor's recommendation also includes \$500,000 General Funds in FY 2001-02 and \$300,000 in FY 2002-03 for the administration of the settlement agreement reached with Wyoming and the other parties in the suit.

The Governor's budget includes increased funding of \$125,000 for each of the next two fiscal years for the State Board of Agriculture's (State Fair Park) **Open Class Departmental operations expense**. By a **Property Management Agreement** with Department of Administrative Services, State Fair Park is to use rent revenue from various activities for reinvestment into the existing facilities. Rental revenues have been partially utilized for current operations.

The Governor's recommendation for the Game and Parks Commission provides additional funding in excess of \$200,000 for the coming biennium **for additional staffing resources to aid in the administration, operations and maintenance of newly constructed or renovated enhancements** within the Nebraska State Park system.

The Governor's budget includes cash fund authority of \$334,743 in FY 2001-02 and \$380,894 in FY 2002-03 for completion and operation of an **interactive drivers license application** process that was designed in FY 2000-01 through LB704 (1999). Additional cash fund authority of \$75,257 in FY 2001-02 and \$104,093 in FY 2002-03 is included for enhancements to implement a drivers license expiration notice process and an automatic verification of social security numbers with the Social Security Administration. Emphasis will be placed on enhancing the efficiency and responsiveness of the Department of Motor Vehicles operations by providing enhanced driver licensing, vehicle titling and registration services to the public within a continual reasonable level of funding.

The Governor's recommendation includes funding for all requested **reaffirmations of capital construction projects** currently underway. Included are such projects as Digitization and Bandwidth Replacement at the Nebraska Educational Telecommunications Commission (NETC), Facilities Fee Fund projects at the State Colleges and the University which were initiated under LB 1100, the Youth Rehabilitation and Treatment Center (YRTC) at Geneva, the

Peru State College Library/Old Gym Renovation project, and funding for the Task Force for Building Renewal. These projects total over \$37.5 million from all funding sources in each year of the coming biennium.

The Governor's recommendation includes \$7.3 million over the biennium for State Capitol projects, including extensive work on the **Capitol Masonry Project**. This includes \$3.5 million in reaffirmations of current contract work, \$1.75 million of additional safety-related repairs to buttresses, and re-apportioning approximately \$2 million of future contract work to earlier periods in an effort to minimize contractor down-time and maximize efficiencies in handling multiple tasks simultaneously.

For new or expanded capital construction projects, the Governor's recommendation includes over \$30.3 million from all funding sources in FY 2001-02 and over \$31.5 million in FY 2002-03. A variety of projects are included in this recommendation.

In the area of **technology infrastructure**, the Governor's recommendation provides for the funding of the NEB\*SAT priority #1 projects, the replacement of Lincoln and North Platte transmitters for the NETC, along with one time funds for UNO-TV equipment replacement.

For the **Nebraska College of Technical Agriculture at Curtis**, funding is provided to acquire land to allow for improvements in instructional programs and to provide for instructional facility improvements, infrastructure improvements and matching funds for Task Force for Building Renewal projects.

State funding is also provided for the replacement of the **Power Plant at Wayne State College**, along with funding for **Electrical Distribution System Improvements and Youth Complex Improvements for the Board of Agriculture**.

The Governor is also recommending funding for the **Multipurpose Building project at the Western Nebraska Veterans Home**, and **site improvements at the YRTC in Geneva**. Funding for the **State Veterans Cemetery System** project to be undertaken in cooperation with the Federal government is also recommended.

The recommendation also includes the Department of Corrections **Multi-Custody Building at York** and the requested inflationary increase and final phase funding for the **Library/Old Gymnasium addition/renovation project at Peru State College**.

A **city water connection** is recommended for the Lincoln Regional Center along with an **emergency power source for the Grand Island Veterans Home** and various **interior improvements for the State Capitol**.

In addition over \$12.1 million of cash fund authority is provided to the **Game and Parks Commission** for the biennium, along with over \$12.2 million of cash fund authority to the **Department of Roads** in order to undertake various smaller projects.

## **CONCLUSION**

Governor Johanns' budget recommendations, presented in detail on the following pages, represent the culmination of an exhaustive process of surveying State agencies, advocacy groups, and others for funding requests, reviewing in detail all of the many areas for which a need for additional State funding has been identified, and establishing priorities and direction for investment of the State's resources for the 2001-2003 biennium. This process has resulted in a budget which will continue to build upon the themes emphasized by Governor Johanns during his first two years in office: lower taxes, less government, building Nebraska's economy, providing safe communities, and ensuring the health, safety, and success of Nebraska's children.