

Mid-Biennium Budget Adjustments

2001-2003 Biennium

Presented January 15, 2002

**Mike Johanns
Governor**

Mid-Biennium
Budget Adjustments

2001-2003 Biennium

Presented by
Nebraska Department of Administrative Services
Budget Division
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January 2002

STATE OF NEBRASKA

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January 15, 2002

Mike Johanns
Governor

Mr. President, Mr. Speaker,
and Members of the Legislature
State Capitol Building
Lincoln, NE 68509

Dear Mr. President and Senators:

On October 23, 2001, I called the Legislature into special session to immediately reduce appropriations and to enact other budget changes in order to begin to address an estimated \$220 million 2001-03 biennium budget imbalance. This imbalance was primarily attributed to three things: lower than anticipated actual tax receipts for FY2000-01, State revenue losses due to federal tax law changes, and a downward revision of current biennium tax receipt forecasts by the Economic Forecasting Advisory Board due to estimates of slower economic growth. I recommended and the Legislature enacted \$170 million in budget actions during the special legislative session.

Our prompt consideration and action during the special legislative session was necessary because of the size of the budget imbalance and the time needed to enact and implement changes to the current biennial budget. We had agreed that any further budget actions to address the budget imbalance should await the next official review of tax receipt forecasts and the 2002 regular legislative session.

We have since learned that our economy is in recession, second fiscal quarter actual tax receipts did perform less than originally forecasted, and there are indications of an improved economy beginning in 2002. The Economic Forecasting Advisory Board meets on February 22, 2002, to again review information about Nebraska's economy and updated forecasts of Nebraska tax receipts. I am recommending that any further budget actions to fully address the \$50 million remaining 2001-03 biennium budget imbalance be determined after the Forecast Board's meeting.

Today, I am offering specific recommendations to address \$29.8 million in various State agency requests for supplemental General Fund appropriations for the 2001-03 budget biennium. My recommendations are conservative. I am requiring many State agencies to manage within existing appropriations or to draw on other available resources to address situations outside their immediate control. My recommendations for mid-biennium General Fund appropriation changes included in the deficit

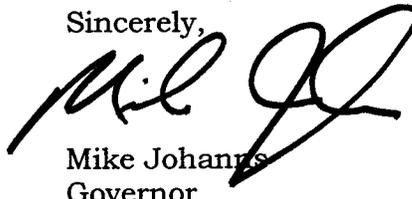
Mr. President, Mr. Speaker,
and Members of the Legislature
January 15, 2002
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legislative bill I offer today will reduce General Fund appropriations for the current 2001-03 budget biennium by \$7.9 million. Department of Health and Human Services legislation will further reduce General Fund appropriations for the 2001-03 biennium by \$3.7 million. I am also recommending additional transfers of cash fund balances to the General Fund of \$7.0 million. My recommendations reduce the estimated biennium budget imbalance to approximately \$27.5 million.

It is customary during legislative sessions to pursue ideas and specific initiatives that are responsive to the needs of Nebraska citizens. Often this pursuit is represented by actions requiring the appropriation of additional tax resources. I am not offering a legislative package dependent on the appropriation of additional tax resources. In 2002 we are challenged, by a citizenry struggling with dynamic economic challenges, to take the necessary actions to avoid a demand by State government for more of their personal resources through tax increases. I encourage the Legislature to first focus during this 2002 legislative session on the many significant policy matters requiring your attention. At the same time, I will continue to work with you to consider and to develop any further budget actions that may be necessary after the tax receipt forecasts for the 2001-03 budget biennium are updated at the end of February.

It is important that we continue to work together during these difficult and changing times to address the important policy and budget issues that confront us in Nebraska. I believe my recommendations move us forward in a manner that will keep Nebraska United and serve our citizens well.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Johanns", written over a white background.

Mike Johanns
Governor

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General Fund Financial Status

The General Fund Financial Status provides a summary of the State's financial condition including the impact of any 2002 budget and taxation proposals by the Governor. While Nebraska operates with a biennial budget, the version of the Status shown in this document includes an additional two years of estimated revenues and appropriations for planning purposes.

The revenue portion of the Status shows the forecast of net General Fund receipts for the current biennium that were adopted by the Economic Forecasting Board at its meeting in October of 2001 and further adjusted by specific enactments of the Nebraska Legislature during its special legislative session in October and November of 2001. The Economic Forecasting Advisory Board will meet on February 22, 2002, to again review the forecast of General Fund net receipts for the current biennium. The net receipts projected for the following biennium are the average of econometric forecasts prepared by the Legislative Fiscal Office and the Department of Revenue in October 2001. These forecasts for the following biennium will be updated in February 2002.

The Governor's 2002 recommendations propose two changes which transfer additional amounts to the General Fund.

- The Governor is proposing to transfer \$3.0 million in FY2001-02 and \$3.0 million in FY2002-03 from the Petroleum Release Remedial Action Cash Fund to the General Fund.
- The Governor is proposing to transfer \$1.0 million in FY2002-03 from the Motor Vehicles Cash Fund to the General Fund.

No additional transfers are recommended from the Cash Reserve Fund to the General Fund. The unobligated balance in the Cash Reserve Fund is \$45.5 million.

The Appropriations shown for the current biennium are those adopted during the 2001 regular session and subsequently reduced during the 2001 special session of the Legislature. The amounts shown for the following biennium are those presented by the Legislative Fiscal Office to the Tax Rate Review Committee in November 2001.

The appropriations portion of the Status also includes the Governor's recommendations for mid-biennium adjustments to appropriations. State agencies requested additional General Fund appropriations of \$14.8 million in FY2001-02 and \$15.0 million in FY2002-03. The Governor's recommendations reduce current General Fund appropriations by \$6.0 million in FY2001-02 and \$1.9 million in FY2002-03. In addition, Health and Human Services legislation proposes to reduce General Fund appropriations by \$3.7 million in FY2002-03. These additional reductions for the current biennium total \$11.6 million.

The ending balance portion of the Status shows the projected General Fund balance at the end of the current biennium \$27.5 million less than a minimum reserve of three percent. It is recommended that further budget actions to address this difference wait until after the Economic Forecasting Advisory Board meeting on February 22, 2002.

General Fund Financial Status

| General Fund Financial Status | Current Biennium | | Following Biennium | |
|---|------------------|---------------|--------------------|---------------|
| | FY2001-02 | FY2002-03 | FY2003-04 | FY2004-05 |
| <u>Beginning Balance</u> | | | | |
| Beginning Cash Balance | \$235,689,742 | \$135,417,903 | \$135,328,610 | \$57,485,872 |
| Cash Reserve Fund Transfer-Automatic | | | | |
| Carryover Obligations from FY01 | (107,169,847) | | | |
| Allocation for Potential Deficits | | (5,000,000) | (5,000,000) | (5,000,000) |
| Unobligated Beginning Balance | 128,519,895 | 130,417,903 | 130,328,610 | 52,485,872 |
| <u>Estimated Receipts</u> | | | | |
| Net Receipts | 2,548,844,452 | 2,680,984,500 | 2,825,046,000 | 2,948,185,000 |
| General Fund Transfers-Out | (3,650,000) | (3,280,000) | (1,900,000) | (1,900,000) |
| Cash Reserve Fund Transfers-Legislative | 59,800,000 | 64,900,000 | | |
| General Fund Transfers-In (2002 Session) | | | | |
| Petroleum Cash Fund | 3,000,000 | 3,000,000 | | |
| Motor Vehicles Cash Fund | | 1,000,000 | | |
| Other Legislation | | | | |
| General Fund Net Receipts | 2,607,994,452 | 2,746,604,500 | 2,823,146,000 | 2,946,285,000 |
| <u>Appropriations</u> | | | | |
| Appropriations | 2,606,951,336 | 2,747,240,962 | 2,747,240,962 | 2,747,240,962 |
| LFO Following Biennium Estimate | | | 155,461,782 | 318,025,043 |
| Claims Bill | 156,757 | | | |
| Mid-Biennium Appropriation Adjustments | (6,011,649) | (1,853,169) | (3,020,006) | (1,512,683) |
| Other Legislation | | (3,694,000) | (3,694,000) | (3,694,000) |
| General Fund Appropriations | 2,601,096,444 | 2,741,693,793 | 2,895,988,738 | 3,060,059,322 |
| <u>Ending Balance</u> | | | | |
| Dollar ending balance | 135,417,903 | 135,328,610 | 57,485,872 | (61,288,450) |
| Biennial Reserve (%) | - | 2.48% | - | -1.03% |
| Variance from Minimum Reserve | - | (27,495,333) | - | (233,271,740) |
| Minimum Reserve | - | 162,823,943 | - | 171,983,290 |
| Annual Spending Growth | 5.0% | 5.4% | 5.6% | 5.7% |
| Two Year Average Growth | - | 5.2% | - | 5.6% |

Cash Reserve Fund Status

The Cash Reserve Fund was created in 1983 to provide a source of funds for temporary transfers to the State General Fund when balances were not sufficient to process expenditure transactions. The original balance in the Fund was accumulated through the imposition of an increase in the sales tax. The movement of monies between the Cash Reserve Fund and the General Fund for cash management purposes has been governed by a variety of legislation over the life of the Fund. Also, there have been several instances in which money was moved to and from the Cash Reserve Fund to accomplish policy initiatives that were not related to cash management.

Current law provides for transfers from the Cash Reserve Fund to the General Fund of \$59.8 million in FY2001-02 and \$64.9 million in FY2002-03. The unobligated balance in the Cash Reserve Fund is \$45.5 million. No additional transfers are recommended from the Cash Reserve Fund to the General Fund.

Cash Reserve Fund Status

| Cash Reserve Fund Status | Current Biennium | | Following Biennium | |
|---|------------------|-------------------|--------------------|-------------------|
| | FY2001-02 | FY2002-03 | FY2003-04 | FY2004-05 |
| Beginning Balance | 170,236,099 | 110,066,099 | 45,536,099 | 45,536,099 |
| Transfer Amounts Above Forecasts | | | | |
| To/From Gen Fund per Current Law | (59,800,000) | (64,900,000) | | |
| To/From Muni Natural Gas Revolving Fund | (370,000) | 370,000 | | |
| Projected Ending Balance | 110,066,099 | 45,536,099 | 45,536,099 | 45,536,099 |

Mid-Biennium Appropriation Adjustments

| Agy # | Agency | Prog # | Description | Fund | FY2001-02 Request | FY2002-03 Request | FY2001-02 Gov. Rec. | FY2002-03 Gov. Rec. |
|-------|---------------------|--------|---|------|-------------------|-------------------|---------------------|---------------------|
| 5 | Supreme Court | 6 | Transfer Court Reporters (LB 23 and LB 92) | Gen | (112,886) | (112,886) | (112,886) | (112,886) |
| 5 | Supreme Court | 52 | Transfer Court Reporters (LB 23 and LB 92) | Gen | 112,886 | 112,886 | 112,886 | 112,886 |
| 5 | Supreme Court | 6 | Transfer Court Reporters (LB 23 and LB 92) | PSL | (100,000) | (100,000) | (100,000) | (100,000) |
| 5 | Supreme Court | 52 | Transfer Court Reporters (LB 23 and LB 92) | PSL | 100,000 | 100,000 | 100,000 | 100,000 |
| 5 | Supreme Court | 67 | Drug testing | Cash | 102,000 | 102,000 | 102,000 | 102,000 |
| 10 | Auditor | 10 | Health insurance | Gen | 1,200 | 2,000 | 1,200 | 2,000 |
| 10 | Auditor | 506 | Health insurance | Gen | (1,200) | (2,000) | (1,200) | (2,000) |
| 11 | Attorney General | 507 | Drug & violent crime unit fund source change | Gen | 330,667 | 330,667 | 0 | 0 |
| 13 | Education | 25 | Enrollment option transportation | Gen | 73,903 | 0 | 0 | 0 |
| 13 | Education | 25 | School Breakfast | Gen | 36,498 | 0 | 36,498 | 0 |
| 13 | Education | 25 | Health insurance | Gen | 17,833 | 35,666 | 0 | 0 |
| 14 | Public Service Comm | 686 | Add research analyst position | PSL | 36,863 | 38,500 | 36,863 | 38,500 |
| 14 | Public Service Comm | 16 | Restore Special Session Cut | Gen | 1,480 | 1,850 | 1,480 | 1,850 |
| 14 | Public Service Comm | 54 | Offset of Special Session Cut | Gen | (1,480) | (1,850) | (1,480) | (1,850) |
| 14 | Public Service Comm | 19 | Allocation of Personnel Costs | Cash | 3,963 | 7,923 | 3,963 | 7,923 |
| 14 | Public Service Comm | 19 | Allocation of Personnel Costs | PSL | 2,998 | 5,995 | 2,998 | 5,995 |
| 14 | Public Service Comm | 54 | Allocation of Personnel Costs | PSL | (2,998) | (5,995) | (2,998) | (5,995) |
| 14 | Public Service Comm | 64 | Allocation of Personnel Costs | Cash | 9,881 | 19,762 | 9,881 | 19,762 |
| 14 | Public Service Comm | 64 | Allocation of Personnel Costs | PSL | 7,247 | 14,494 | 7,247 | 14,494 |
| 14 | Public Service Comm | 54 | Allocation of Personnel Costs | PSL | (7,247) | (14,494) | (7,247) | (14,494) |
| 14 | Public Service Comm | 71 | Allocation of Personnel Costs | Cash | 3,289 | 6,578 | 3,289 | 6,578 |
| 14 | Public Service Comm | 71 | Allocation of Personnel Costs | PSL | 2,734 | 5,468 | 2,734 | 5,468 |
| 14 | Public Service Comm | 54 | Allocation of Personnel Costs | PSL | (2,734) | (5,468) | (2,734) | (5,468) |
| 14 | Public Service Comm | 583 | Allocation of Personnel Costs | Cash | 5,756 | 11,511 | 5,756 | 11,511 |
| 14 | Public Service Comm | 583 | Allocation of Personnel Costs | PSL | 4,925 | 9,850 | 4,925 | 9,850 |
| 14 | Public Service Comm | 54 | Allocation of Personnel Costs | PSL | (4,925) | (9,850) | (4,925) | (9,850) |
| 14 | Public Service Comm | 686 | Allocation of Personnel Costs | Cash | 19,799 | 39,597 | 19,799 | 39,597 |
| 14 | Public Service Comm | 686 | Allocation of Personnel Costs | PSL | 16,476 | 32,951 | 16,476 | 32,951 |
| 14 | Public Service Comm | 54 | Allocation of Personnel Costs | PSL | (16,476) | (32,951) | (16,476) | (32,951) |
| 16 | Revenue | 108 | Homestead Exemption | Gen | 1,730,000 | 1,730,000 | 1,730,000 | 1,730,000 |
| 20 | HHS-Reg and Lic | 177 | Staff transfer | Gen | (25,308) | (25,308) | (25,308) | (25,308) |
| 20 | HHS-Reg and Lic | 177 | Staff transfer | Fed | (25,308) | (25,308) | (25,308) | (25,308) |
| 20 | HHS-Reg and Lic | 177 | Staff transfer | PSL | (39,855) | (39,855) | (39,855) | (39,855) |
| 25 | HHS-Services | 33 | Staff transfer | Gen | (100,219) | (100,219) | (100,219) | (100,219) |
| 25 | HHS-Services | 33 | Staff transfer | Fed | (100,220) | (100,220) | (100,220) | (100,220) |
| 25 | HHS-Services | 33 | Staff transfer | PSL | (106,651) | (106,651) | (106,651) | (106,651) |
| 26 | HHS-Fin and Supp | 341 | Staff transfer | Gen | 125,527 | 125,527 | 125,527 | 125,527 |
| 26 | HHS-Fin and Supp | 341 | Staff transfer | Fed | 125,528 | 125,528 | 125,528 | 125,528 |
| 26 | HHS-Fin and Supp | 341 | Staff transfer | PSL | 146,506 | 146,506 | 146,506 | 146,506 |
| 20 | HHS-Reg and Lic | 177 | Licensing Info. Sys.; increased grants & lab activity | Cash | 628,500 | 528,500 | 628,500 | 528,500 |
| 21 | Fire Marshal | 340 | PSL request | PSL | 4,387 | 4,359 | 4,387 | 4,359 |
| 25 | HHS-Services | 30 | Tobacco Control cash authority (Reapprop.) | Cash | | | No | |
| 25 | HHS-Services | 33 | Foster Home background checks | Gen | 0 | 245,000 | 0 | 173,250 |
| 25 | HHS-Services | 33 | Foster Home background checks | Fed | 0 | 0 | 0 | 24,750 |
| 25 | HHS-Services | 250 | YRTC-Kearney increased staffing | Gen | 0 | 0 | 125,000 | 950,000 |
| 25 | HHS-Services | 250 | YRTC-Kearney increased staffing | PSL | 0 | 0 | 90,000 | 700,000 |
| 25 | HHS-Services | 250 | Juvenile secure facility contract | Gen | 0 | 0 | 0 | 730,000 |

Mid-Biennium Appropriation Adjustments

| Agy # | Agency | Prog # | Description | Fund | FY2001-02 Request | FY2002-03 Request | FY2001-02 Gov. Rec. | FY2002-03 Gov. Rec. |
|-------|-------------------------|--------|--|------|-------------------|-------------------|---------------------|---------------------|
| 25 | HHS-Services | 250 | Juvenile transitional care | Gen | 0 | 0 | 0 | 51,100 |
| 25 | HHS-Services | 250 | Juvenile transitional care | Fed | 0 | 0 | 0 | 459,900 |
| 25 | HHS-Services | 250 | Juvenile sexual offender treatment | Gen | 0 | 0 | 0 | 87,600 |
| 25 | HHS-Services | 250 | Juvenile sexual offender treatment | Fed | 0 | 0 | 0 | 788,400 |
| 25 | HHS-Services | 365 | Adolescent Chemical Dependency Unit | Cash | 613,200 | 643,860 | 306,600 | 643,860 |
| 25 | HHS-Services | 365 | Adolescent Chemical Dependency Unit | PSL | 425,566 | 446,456 | 212,783 | 446,456 |
| 25 | HHS-Services | 365 | Increased Medicaid federal match rate | Gen | 0 | 0 | 0 | (6,489) |
| 25 | HHS-Services | 365 | Increased Medicaid federal match rate | Fed | 0 | 0 | 0 | 6,489 |
| 25 | HHS-Services | 421 | Increased Medicaid federal match rate | Gen | 0 | 0 | 0 | (131,189) |
| 25 | HHS-Services | 421 | Increased Medicaid federal match rate | Fed | 0 | 0 | 0 | 131,189 |
| 25 | HHS-Services | 942 | Eliminate YRTC-Keamey "Level 4" funding | SBF | 0 | 0 | 0 | (2,100,000) |
| 26 | HHS-Fin and Supp | 38 | Increased Medicaid federal match rate | Gen | 0 | 0 | 0 | (35,262) |
| 26 | HHS-Fin and Supp | 38 | Increased Medicaid federal match rate | Fed | 0 | 0 | 0 | 35,262 |
| 26 | HHS-Fin and Supp | 347 | Child Welfare placement costs | Gen | 7,985,983 | 8,385,188 | 3,585,983 | 0 |
| 26 | HHS-Fin and Supp | 347 | Child Welfare placement costs | Fed | 0 | 0 | 4,400,000 | 0 |
| 26 | HHS-Fin and Supp | 348 | Increased Medicaid federal match rate | Gen | 0 | 0 | 0 | (3,888,869) |
| 26 | HHS-Fin and Supp | 348 | Increased Medicaid federal match rate | Fed | 0 | 0 | 0 | 3,888,869 |
| 26 | HHS-Fin and Supp | 348 | Medicaid fund source change | Gen | 0 | 0 | (11,485,983) | 0 |
| 26 | HHS-Fin and Supp | 348 | Medicaid fund source change | Cash | 0 | 0 | 11,485,983 | 0 |
| 26 | HHS-Fin and Supp | 424 | Increased Medicaid federal match rate | Gen | 0 | 0 | 0 | (351,198) |
| 26 | HHS-Fin and Supp | 424 | Increased Medicaid federal match rate | Fed | 0 | 0 | 0 | 351,198 |
| 26 | HHS-Fin and Supp | 34 | Transfer encumbrances | Gen | | | Yes | |
| 26 | HHS-Fin and Supp | 34 | Transfer encumbrances | Cash | | | Yes | |
| 26 | HHS-Fin and Supp | 34 | Transfer encumbrances | Fed | | | Yes | |
| 26 | HHS-Fin and Supp | 38 | Transfer encumbrances | Gen | | | Yes | |
| 26 | HHS-Fin and Supp | 38 | Transfer encumbrances | Cash | | | Yes | |
| 26 | HHS-Fin and Supp | 38 | Transfer encumbrances | Fed | | | Yes | |
| 26 | HHS-Fin and Supp | 366 | Transfer encumbrances | Gen | | | Yes | |
| 26 | HHS-Fin and Supp | 366 | Transfer encumbrances | Fed | | | Yes | |
| 31 | Military | 544 | PSL request | PSL | 59,857 | 0 | 59,857 | 0 |
| 31 | Military | 544 | Civil suit settlement | Cash | 78,062 | 0 | 78,062 | 0 |
| 31 | Military | 545 | PSL request | PSL | 22,480 | 58,062 | 22,480 | 58,062 |
| 47 | NETC | 533 | Utility Costs-Carpenter Center | Gen | 78,400 | 58,200 | 0 | 0 |
| 47 | NETC | 533 | Two-percent depreciation assessment | Gen | 0 | 32,236 | 0 | 32,236 |
| 47 | NETC | 566 | Utility costs-KUCV | Gen | 21,684 | 27,650 | 0 | 0 |
| 48 | Coordinating Commission | 640 | Workforce Investment Act | Cash | 6,300 | 0 | 6,300 | 0 |
| 51 | University | 930 | NCTA - Capital funds to operating budget | SBF | (39,500) | 0 | (39,500) | 0 |
| 51 | University | 781 | NCTA - Capital funds to operating budget | Gen | 39,500 | 0 | 19,750 | 0 |
| 54 | Historical Society | 542 | Utility increases | Gen | 8,408 | 8,408 | 0 | 0 |
| 54 | Historical Society | 648 | Utility increases | Gen | 36,904 | 36,904 | 0 | 0 |
| 54 | Historical Society | 648 | K St. rent increase | Gen | 8,934 | 10,720 | 8,934 | 10,720 |
| 54 | Historical Society | 648 | K St. - additional space | Gen | 0 | 90,720 | 0 | 0 |
| 54 | Historical Society | 648 | Retirement payouts | Gen | 32,994 | 0 | 0 | 0 |
| 54 | Historical Society | 648 | Retirement payouts | PSL | 29,023 | 0 | 0 | 0 |
| 54 | Historical Society | 648 | Add security positions | Gen | 56,167 | 112,334 | 0 | 0 |
| 54 | Historical Society | 648 | Add security positions | PSL | 36,013 | 72,026 | 0 | 0 |
| 54 | Historical Society | 648 | Headquarters renovation | Gen | 100,000 | 2,194,000 | 0 | 0 |

Mid-Biennium Appropriation Adjustments

| Agy # | Agency | Prog # | Description | Fund | FY2001-02 Request | FY2002-03 Request | FY2001-02 Gov. Rec. | FY2002-03 Gov. Rec. |
|--------------------------------|---------------------------|--------|---|------|-------------------|-------------------|---------------------|---------------------|
| 64 | State Patrol | 100 | Criminal history record checks | Cash | 82,365 | 164,730 | 82,365 | 164,730 |
| 64 | State Patrol | 100 | Capitol security | Gen | 0 | 0 | 0 | 197,585 |
| 64 | State Patrol | 100 | Capitol security | PSL | 0 | 0 | 0 | 170,196 |
| 64 | State Patrol | 100 | Correct LB 432A program designation | Gen | | | | Yes |
| 64 | State Patrol | 205 | Carrier Enforcement Cash Fund language change | Cash | | | Yes | |
| 65 | DAS | 573 | Employee benefits | Gen | 27,669 | 28,606 | 27,669 | 28,606 |
| 65 | DAS | 594 | Insurance Fund | Rev | 1,400,000 | 3,891,834 | 1,400,000 | 3,891,834 |
| 65 | DAS | 606 | Self-Funded Insurance Program | Cash | 90,221 | 104,788 | 90,221 | 104,788 |
| 65 | DAS | 606 | Self-Funded Insurance Program | PSL | 38,472 | 62,895 | 38,472 | 62,895 |
| 65 | DAS | 939 | Masonry project | SBF | 0 | 1,152,157 | 0 | 1,152,157 |
| 76 | Indian Commission | 584 | Purchase PC's | Gen | 2,500 | 0 | 0 | 0 |
| 78 | Crime Commission | 199 | PSL correction | PSL | 0 | 0 | (54,802) | (60,927) |
| 78 | Crime Commission | 210 | Match for state agency Byrne Grants | Cash | 0 | 0 | 5,096 | 0 |
| 81 | Blind & Visually Impaired | 357 | Increase cash authority for vocational rehab | Cash | 13,165 | 11,790 | 13,165 | 11,790 |
| 81 | Blind & Visually Impaired | 357 | Increase cash authority for vocational rehab | Fed | 0 | 0 | 61,744 | 55,295 |
| 82 | Deaf/Hard of Hearing | 578 | Fund source change | Gen | 0 | 0 | (20,000) | 0 |
| 82 | Deaf/Hard of Hearing | 578 | Fund source change | Cash | 0 | 0 | 20,000 | 0 |
| 83 | Community Colleges | 152 | Excess appropriation above formula | Gen | 0 | 0 | 0 | (1,000,000) |
| * | 84 Environmental Quality | 585 | LLRW litigation costs | Gen | 4,278,000 | 0 | 0 | 0 |
| * | 84 Environmental Quality | 585 | LLRW litigation costs | Cash | 0 | 0 | 4,000,000 | 0 |
| 84 | Environmental Quality | 585 | PSL transfer | PSL | 25,000 | 0 | 25,000 | 0 |
| 84 | Environmental Quality | 513 | PSL transfer | PSL | (25,000) | 0 | (25,000) | 0 |
| 85 | Retirement Board | 515 | Revised costs for retirement plans | Gen | 0 | 516,584 | 0 | 516,584 |
| 94 | Public Advocacy | 425 | Salary equity adjustments | Cash | 31,237 | 33,217 | 31,237 | 33,217 |
| 94 | Public Advocacy | 425 | Salary equity adjustments | PSL | 27,130 | 28,849 | 27,130 | 28,849 |
| TOTALS | | | | | | | | |
| General Fund | | | | | 14,866,044 | 13,842,883 | (5,972,149) | (905,326) |
| State Building Fund | | | | | (39,500) | 1,152,157 | (39,500) | (947,843) |
| TOTAL General Fund (Gen + SBF) | | | | | 14,826,544 | 14,995,040 | (6,011,649) | (1,853,169) |
| Cash | | | | | 1,687,738 | 1,674,256 | 16,892,217 | 1,674,256 |
| Federal | | | | | 0 | 0 | 4,461,744 | 5,741,352 |
| Revolving | | | | | 1,400,000 | 3,891,834 | 1,400,000 | 3,891,834 |
| Total | | | | | 17,914,282 | 20,561,130 | 16,742,312 | 9,454,273 |
| Personal Service Limitation | | | | | 679,791 | 711,147 | 437,170 | 1,448,390 |

* - indicates legislation is required

***Detailed Mid-Biennium
Budget Adjustments***

General Government

Auditor of Public Accounts

The Auditor of Public Accounts requested \$1,200 for FY2001-02 and \$2,000 for FY2002-03 in General Funds in Program 10 and an offset decrease of \$1,200 for FY2001-02 and \$2,000 for FY2002-03 in General Funds in Program 506 in order to increase benefits related to the salary of the State Auditor, as provided for in Section 84-721, R.R.S. 2000.

The Auditor of Public Accounts has requested additional General Funds for health insurance benefits due to a status change of the State Auditor in January 2002. This unexpected change increased the base cost of health insurance resulting in an understated appropriation for FY2001-02 and FY2002-03.

The Governor recommends approval of this request.

Agriculture, Environment and Natural Resources

Environmental Quality, Department of

The Department of Environmental Quality has requested a \$4,278,000 General Fund deficit for the Low-Level Radioactive Waste Program. The additional funding is requested due to higher than anticipated litigation costs related to defense of the civil rights lawsuit filed by the Central Interstate Low-Level Radioactive Waste Compact Commission, US Ecology, and the major compact state waste generators.

The Governor's recommendation includes a transfer of cash funds from the Solid Waste Landfill Closure Assistance Cash Fund to the Low-Level Radioactive Waste Cash Fund to fund this request.

DEQ has requested the transfer of personal services limitation totaling \$25,000 from the Environmental Quality Administrative Program to the Low-Level Radioactive Waste Program.

The Governor's recommendation includes the transfer of the personal services limitation.

The Governor is recommending a transfer of \$3,000,000 from the Petroleum Release Remedial Action Cash Fund to the General Fund in each of the fiscal years, FY2001-02 and FY2002-03.

Economic Development

Public Service Commission

The Public Service Commission requested \$36,863 for FY2001-02 and \$38,500 for FY2002-03 in personal services limitation in Program 686-NE Universal Service for an additional research analyst.

The Public Service Commission is requesting an increase in personal services limitation for a research analyst position added as a result of transferring a portion of the responsibility under a contract with the University of Nebraska Bureau of Business Research to their own agency for review of cost modeling. The contract with the University of Nebraska will be reduced by the amount attributable to the research analyst position.

The Governor recommends approval of this request.

The Public Service Commission requested \$1,480 for FY2001-02 and \$1,850 for FY2002-03 in General Funds in Program 16 – Commissioners Expenses to restore LB 1 Special Session cut, with

an offset corresponding reduction of (\$1,480) for FY2001-02 and (\$1,850) for FY2002-03 in General Funds in Program 54 – Enforcement Standards.

The Governor recommends approval of this request.

The Public Service Commission requested a total of \$42,688 for FY2001-02 and \$85,371 for FY2002-03 in Cash Funds and personal services limitation totaling \$34,380 for FY2001-02 and \$68,758 for FY2002-03, with an offset corresponding reduction of personal services limitation in Program 54 – Enforcement Standards. This request is to be proportionately allocated to five Cash Funds under Programs 19, 64, 71, 583, and 686, respectively, for four employees now charged 100% to General Funds in Program 54.

The Public Service Commission's request more accurately allocates the costs of those employees to both general and cash funds, results in more accurate accounting for the cost in each of the Public Service Commission's programs, and will allow for a reduction in general funds consistent with LB 1 Special Session cuts.

The Governor recommends approval of this request.

Human Resources Development

Blind & Visually Impaired, Nebraska Commission for the

The Commission for the Blind & Visually Impaired has requested \$13,165 Cash Fund authority for FY2001-02 and \$11,790 Cash Fund authority for FY2002-03. The Commission's Business Enterprise program is bringing in more money than had been projected last year. These dollars can be used to supplement the General Fund match and capture additional federal matching funds to provide training, counseling, and equipment for blind and visually impaired individuals. The additional cash authority will generate \$61,744 in federal matching funds in FY2001-02 and \$55,295 federal match in FY2002-03.

The Governor's recommendation includes appropriation of the additional cash and federal spending authority.

Community College Aid

Aid to Community Colleges is reduced by \$1.0 million in General Funds in FY2002-03. This reduction is in funding which is in excess of that necessary to fully fund the State Aid formula. A balance of approximately \$300,000 remains in excess of current estimated General Fund requirements to fully fund the formula in case current assumptions regarding valuation and enrollment changes for FY2002-03 are inaccurate.

Coordinating Commission for Postsecondary Education

The Coordinating Commission for Postsecondary Education requested an increase of \$6,300 in Cash Fund appropriation for FY2001-02. The increase is to allow the Commission to receive expense reimbursement payments from the State Department of Labor for services of the Commission's Data Base Manager pursuant to a contract to comply with the consumer reporting requirements of the Workforce Investment Act.

The Governor's recommendation includes this requested cash fund appropriations increase.

Deaf and Hard of Hearing, Commission for the

The reduction of \$20,000 General Funds and an increase of \$20,000 Cash Funds in FY2001-02 are recommended for the Commission for the Deaf and Hard of Hearing. This recommendation allows the Commission to use available Cash Funds instead of General Funds.

Education, Department of

The Department of Education requested \$73,903 in General Funds for FY2001-02 to fully fund the enrollment option transportation reimbursement program claims for the 2000-2001 school year. Current law provides for pro-ration of payments when they exceed available appropriations.

The Governor's recommendation does not include funding for this request.

The Department of Education requested \$36,498 in General Funds in FY2001-02 to reimburse schools for school breakfast program claims received for the 2000-2001 school year. Statute provides for a five-cent reimbursement per breakfast served. This amount is in excess of the FY2000-01 appropriation.

The Governor's recommendation includes funding for this request.

The Department of Education requested \$17,833 in General Funds for FY2001-02 and \$35,666 in General Funds for FY2002-03 for health insurance premiums. The Department undertook an analysis for employee health insurance funding and has indicated that additional funds are needed to cover increased costs.

The Governor's recommendation does not include funding for this request.

Educational Telecommunications Commission, Nebraska

The Educational Telecommunications Commission requested \$21,684 in General Funds in FY2001-02 and \$27,650 in General Funds in FY2002-03 for increased utility costs for Nebraska Public Radio (KUCV). The request is a result of increased utility costs from recently instituted frequency and power changes and from the Commission's approval of an increase in the twenty hour-a-day schedule to twenty-four. Neither of these cost increases was requested in the operating budget request for the biennium. Approximately 40% of the request is funded from reallocations already made by the Commission in the FY2001-02 budget and the entire request is funded by reallocations already made by the Commission in the projected FY2002-03 budget. The remainder of the requested amount in FY2001-02 can be covered by additional vacancy savings and other cost avoidances.

The Governor's recommendation does not include funding for this request.

The Educational Telecommunications Commission requested \$78,400 in General Funds in FY2001-02 and \$58,200 in General Funds in FY2002-03 for utility cost increases from the University of Nebraska-Lincoln Power Plant beyond those increases already appropriated in the biennial budget. Approximately 40% of the request is funded by reallocations already made by the Commission in the FY2001-02 budget and the entire request is funded by reallocations already made by the Commission in the projected FY2002-03 budget. The remainder requested in FY2001-02 should be covered from increased conservation of energy, additional vacancy savings and additional reallocations.

The Governor's recommendation does not include funding for this request.

The Educational Telecommunications Commission requested \$32,236 in General Funds for FY2002-03 to pay the two-percent depreciation assessment on seven buildings or structures as established per LB 1100 passed in 1998. This cost had been overlooked in the biennial budget process.

The Governor is recommending approval of this request.

Health & Human Services System

As part of an ongoing effort by the Health and Human Services System to allocate staff resources in the most efficient manner possible, HHSS has requested the transfer of appropriation and personal services limitation among a number of programs in each of the three system agencies. The requested transfers include personnel responsible for food stamp eligibility verification and behavioral health services in the Medicaid program. The transfers will result in no net increase in appropriations.

The Governor's recommendation includes the transfer of the necessary appropriation and personal services limitation to allow for the transfer of these positions.

Health & Human Services

LB 543 appropriated additional funding to the Medicaid program to leverage federal funding for expansion of the adolescent chemical dependency treatment unit located at the Hastings Regional Center by 10 beds. The additional beds were a component in the expanded array of services established during the 2001 session for treating juveniles committed to the State's custody. The Department of Health and Human Services has requested \$613,200 Cash Fund authority for FY2001-02 and \$643,860 Cash Fund authority for FY2002-03 to allow the Hastings Regional Center as the provider of services to expend the Medicaid substance abuse treatment funding.

The Governor's recommendation includes the additional cash fund authority and associated personal services limitation.

LB 1436, enacted in the spring of 2000, allocated \$7 million each year during fiscal years 2001-2003 from tobacco settlement funds for tobacco prevention and control activities. Health and Human Services immediately began a planning process to identify the most effective uses for the funding. This planning process and public engagement period resulted in the program not being fully initiated until late in FY2000-01, leaving much of the first year appropriation unexpended. Health and Human Services has requested reappropriation of the unexpended balance of the FY2000-01 Cash Fund appropriation into FY2001-02.

The Governor's recommendation does not include reappropriation of the FY2000-01 unexpended balance of appropriation.

The Department of Health and Human Services is developing a policy as part of the Nebraska Family Portrait child welfare strategic plan to require a background check on all foster parents. This policy is designed to improve the safety of children in the State's care. Regulations are being developed to ensure consistent application of background checks of foster parents. Health and Human Services is requesting \$245,000 General Funds to finance the cost of performing background checks on adults residing in all foster homes during FY2002-03. The agency request assumes the adults in half of these homes will be checked in each subsequent year as they come due for renewal of their license. Further review of the proposal indicates that fewer adults on average reside in each household that will be checked. In addition, federal funds are available as match to offset a portion of the cost of performing the background checks.

The Governor's recommendation includes \$173,250 General Funds and \$24,750 federal funds in FY2002-03.

The Governor's budget recommendation includes elimination of the \$2.1 million State Building Fund appropriation in FY2002-03 for construction of a "Level 4" housing unit on the campus of the Youth Rehabilitation and Treatment Center in Kearney (YRTC-Kearney). New initiatives are being planned to reduce the need for additional "level 4" housing by focusing resources on juveniles who require a more secure environment, therapeutic community-based housing for sexual offenders, and community-based transitional step-down housing. Application has been made to secure the use of available federal Violent Offender Incarceration and Truth-In-Sentencing (VOI/TIS) grant funding for these three new juvenile justice programs. Furthermore, these programs will help to address staffing and capacity issues at YRTC-Kearney.

First, the Governor recommends appropriating \$730,000 General Funds in FY2002-03 to the Department of Health and Human Services for a ten-bed secure facility contract to provide treatment to juveniles requiring a higher level of security than the staff secure environment of the Youth Rehabilitation and Treatment Center at Kearney. The secure care placement afforded by such a contract will benefit youth who pose a greater risk to the community or who, as a result of their higher needs, have not been well-suited for treatment in less structured community and institutional programs. The secure facility program will include all necessary services for these youth.

The Governor is also providing the necessary funding to contract with a private provider to operate a therapeutic program for sex offenders who have been committed to Kearney. The Governor's budget recommendations include \$788,400 federal VOI/TIS funds and a state match of \$87,600 General Funds for FY2002-03 for this purpose. The youth treated under this program will not necessarily have been adjudicated as sexual offenders, but will be juveniles who have been identified as having serious sexual perpetration issues. This new program will be long-term and will divert youth that have been committed to the YRTC at Kearney.

The Governor recommends appropriation of \$51,100 General Funds and \$459,900 federal VOI/TIS funds in FY2002-03 for a new transitional care treatment program at the Youth Rehabilitation and Treatment Center in Kearney. The transitional care program will include contracting with community-based providers to operate a step-down program that specializes in transitioning youth back into community life.

Finally, in order to improve the existing youth to staff ratio and to eliminate, as soon as practicable, the practice of "peer take-downs" at YRTC-Kearney, the Governor's recommendations include \$125,000 General Funds for FY2001-02 and \$950,000 General Funds for FY2002-03 to add up to 30 additional youth security staff. The additional youth security specialists will greatly reduce the number of juveniles per staff position and improve the safety of juveniles and staff on campus.

Health & Human Services – Finance & Support

Beginning in FY2001-02 budget Programs 034 – Alcohol/Substance Abuse Aid and 366 – Mental Health Aid in the Department of Health and Human Services – Finance & Support were merged into one program numbered 038 – Behavioral Health Aid. As a result of the program merger and the subsequent elimination of Programs 034 and 366, a certain amount of obligated, encumbered funds from FY2000-01 remain but are unavailable to cover valid FY2000-01 expenses paid in FY2001-02. Legislative authorization is necessary to transfer the encumbered funds to the new program. HHS – Finance & Support is requesting specific intent language authorizing transfer of the certified FY2000-01 encumbrances from Programs 034 and 366 to Program 038. The transfer would close out all activity in the eliminated programs.

The Governor's recommendation includes intent language to allow for the encumbrance transfer.

The Health and Human Services System has identified a projected shortfall in funding available for child welfare services of approximately \$8 million for FY2001-02 and \$8.4 million for FY2002-03. The request is based on a projected growth in child welfare placement costs that exceeds the amount included in the 2001-2003 biennial budget. The Department of Health and Human Services has recently launched the Nebraska Family Portrait child welfare strategic plan. Nebraska Family Portrait has as one of its goals the reduction of out-of-home placement of state wards.

The Governor's recommendation includes appropriation of approximately \$3.6 million General Funds and \$4.4 million federal funds for FY2001-02 to finance the increased child welfare placement costs. The Governor's recommendation does not include the additional appropriation requested for FY2002-03. An additional year will allow time to determine whether the level of funding requested for FY2002-03 continues to be necessary.

The Nebraska Medicaid Program, pursuant to a federal option, currently allows children determined eligible for one month of coverage to be covered under Medicaid for up to twelve continuous months. This coverage includes all children who are determined eligible, including under Kids Connection. The twelve-month continuous coverage option has been in place in Nebraska since its adoption by the Legislature in 1998. The Department of Health and Human Services has proposed a management initiative to reduce the continuous coverage period to six months. Establishment of a six-month eligibility determination process will not affect those children continuing to be eligible for Medicaid beyond six months, but will generate approximately \$3.7 million in annual General Fund savings as more frequent eligibility determinations will ensure the program is serving only those persons who continue to be eligible.

The Governor's recommendation includes support for the agency legislation required to establish a six-month continuous coverage process.

The federal medical assistance percentage 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. The rate for federal fiscal year 2003 was announced this fall and Nebraska's is greater than originally estimated. The higher federal match rate results in a reduction of \$4.4 million General Funds for FY2002-03 and an increase of the same amount in federal funds.

The Governor's recommendation includes the General Fund reduction provided by the increase in federal financial participation.

At the end of FY2000-01, the Health Care Cash Fund had a \$7.9 million unallocated, unobligated cash balance. The balance was the result of nearly three years of investment earnings from the Medicaid Intergovernmental Trust Fund and Nebraska Tobacco Settlement Trust Fund. The changes provided in LB 692 modified this process to specifically provide for an annual \$50 million transfer to the Health Care Cash Fund for a variety of health-related purposes, including Medicaid. The total of the FY2001-02 appropriations from the Health Care Cash Fund also provides for nearly \$3 million in unallocated balance in the fund from the first \$50 million transfer provided in LB 692. The unallocated balance has generated an additional \$800,000 of interest while in the fund.

The Governor's recommendation includes an appropriation of \$11.5 million from the Health Care Cash Fund to the Department of Health and Human Services Finance & Support for FY2001-02 where it can be utilized by the Medicaid program to provide health care services to eligible low-income families. The recommendation for FY2001-02 also includes a General Fund reduction of the same amount.

Health & Human Services – Regulation & Licensure

The Department of Health and Human Services – Regulation & Licensure has requested \$628,500 Cash Funds for FY2001-02 and \$528,500 Cash Funds for FY2002-03 to purchase an upgrade to their Licensing Information System which is used to manage information relative to statutorily required credentialing of professions and facilities. The request will also provide spending authority for increased activity related to public health assurance.

The Governor's recommendation includes appropriation of the requested cash fund spending authority.

Historical Society, Nebraska State

The Historical Society requested \$8,408 in General Funds each year of the biennium for Program 542 and \$36,904 in General Funds each year of the biennium for Program 648 for utility increases. This increase in funding is for electricity and fuel expenses for their facilities.

The Governor's recommendation does not include funding for this request.

The Historical Society requested \$8,934 in General Funds for FY2001-02 and \$10,720 in General Funds for FY2002-03 for an increase in K Street Facility monthly rent expense. Rent for the K Street Facility has increased by \$893.33 per month beginning on September 1, 2001.

The Governor's recommendation includes funding for this request.

The Historical Society requested \$90,720 in General Funds for FY2002-03 for additional archival space at the K Street Facility.

The Governor's recommendation does not include funding for this request.

The Historical Society requested \$32,994 in General Funds and \$29,023 in personal services limitation for FY2001-02 due to unanticipated retirement costs for two employees. It is to pay the cost of accrued vacation/sick leave for two retiring employees and is a one-time cost.

The Governor's recommendation does not include funding for this request.

The Historical Society requested \$56,167 for FY2001-02 and \$112,334 for FY2002-03 in General Funds to provide four additional security guards for the Society. This request also includes \$36,013 in personal services limitation for FY2001-02 and \$72,026 in personal services limitation for FY2002-03.

The Governor's recommendation does not include funding for this request.

The Historical Society requested General Funds for renovation of the Society's Headquarters Facility: an additional \$100,000 in FY2001-02, \$2,194,000 in FY2002-03, and \$5,119,370 in FY2003-04.

The Governor's recommendation does not include funding for this request.

Indian Affairs, Nebraska Commission on

The Nebraska Commission on Indian Affairs requested \$2,500 in General Funds for FY2001-02 for two computers purchased last fiscal year.

The Governor's recommendation does not include funding for this request.

University of Nebraska

For the Nebraska College of Technical Agriculture at Curtis, the Board of Regents of the University of Nebraska is requesting that \$39,500 in unnecessary General Funds currently appropriated in FY2001-02 for land acquisition at the College be transferred to the College's operating budget program. This transfer would allow the College to continue to make necessary instructional equipment purchases in FY2001-02 in spite of actual enrollment and tuition revenue being slightly below budget projections for the current fiscal year and in spite of the fact that institutional financial aid is higher than in previous fiscal years.

The Governor is recommending approval of one half of this request. The remainder would lapse to the General Fund.

Public Finance

Administrative Services, Department of

The Department of Administrative Services – Building Renewal Task Force requested \$27,669 in FY2001-02 and \$28,606 in FY2002-03 in increased General Funds in Program 573 in order to fully fund additional employee benefits obligations for the division. In adjusting for certain staffing changes on the Task Force for the FY2001-02 and FY2002-03 budget periods, an error was made by the Task Force in calculating specific benefit amounts – primarily in health insurance and retirement contribution costs. This request seeks to cover the actual obligations above the budgeted amounts.

The Governor is recommending approval of this request.

The Department of Administrative Services – Risk Management Division requested \$1,400,000 in FY2001-02 and \$3,891,834 in FY2002-03 in increased Revolving Fund authority in Program 594 to cover significant increases in State Insurance costs for premiums and claims payout. The increases for FY2001-02 derive primarily from auto claims and coverage. The State's auto claims payout increased 63% between FY1999-00 and FY2000-01. Claims related to vehicular pursuit litigation anticipated to be paid in FY2001-02 total \$855,000. The State has likewise experienced a dramatic increase in related insurance premiums for the FY2001-02 renewal period. In the aftermath of the tragic terrorist attacks on September 11, 2001, the State's Insurance broker has indicated significant and dramatic impact on insurance coverage across the country is inevitable. Programs with large capacity requirements will likely see premium increases. These changes, as well as the continuing auto coverage changes, create the need for the large request in increased authority for FY2002-03.

The Governor is recommending approval of this request.

The Department of Administrative Services – Division of State Personnel requested \$90,221 in FY2001-02 and \$104,788 in FY2002-03 in Cash Fund authority in Program 606 to administer the State's self-funded health insurance program. A funding transfer from the Health Insurance Trust Fund is requested to cover the increase. Beginning January 1, 2002, the State's Health Insurance program will be self-funded. Moving the State's PPO health benefit from a fully insured to a self-funded program will save the State approximately \$5.5 million. Self-funding, however, will significantly increase the workload and responsibilities of the Employee Benefits Division. Two additional full-time positions and the related personal services authority will be needed to properly manage the program in the areas of premiums, claims and carrier billings and reconciliation, State and federal law compliance, COBRA administration, and employee communication.

The Governor is recommending approval of this request.

The Department of Administrative Services – Building Division requested \$1,152,157 in FY2002-03 in increased State Building Fund financing for the State Capitol Masonry Project. Masonry work on the Capitol over the last three years has resulted in a better understanding of the original construction of the building, and has enabled the Building Division to identify additional structural and waterproofing issues beyond the original Capitol Masonry Project scope. This request will allow the dismantling and rebuilding of the south entrance, which is the most critical issue identified. An additional \$542,699 will be needed in FY2003-04 to complete this work on the south entrance.

The Governor is recommending approval of this request.

Public Advocacy, Commission on

The Nebraska Commission on Public Advocacy requested \$31,237 Cash Funds and \$27,130 personal services limitation in FY2001-02 and \$33,217 Cash Funds and \$28,849 personal services limitation in FY2002-03 to cover salary equity adjustments approved by State Personnel.

The Governor is recommending approval of this request.

Public Employees Retirement Board

The Public Employees Retirement Board requested \$516,584 in FY2002-03 in increased General Funds in Program 515 for funding of defined benefit plans.

The Retirement Board request results from an annual revision in estimated benefits based on the actual retirement salaries paid to School System and State Patrol employees. The \$516,584 request in FY2002-03 reflects a net figure resulting from an increase of \$519,512 to fund the 7/10 of 1% component of the School Retirement Plan, combined with a decrease of \$2,928 in the required LB137 payment to the State Patrol Plan.

The Governor is recommending approval of this request.

Revenue, Department of

The Department of Revenue has reviewed the claims for the Homestead Exemption program for FY2001-02 and has requested increased General Fund appropriations of \$1,730,000 for each of FY2001-02 and FY2002-03. The Legislature reduced the General Fund appropriation for this program by approximately \$2.7 million for each of FY2001-02 and FY2002-03 during the 2001 regular session. This request does not reflect a change in the scope of the Homestead Exemption program, but rather a recognition of the actual number of participants in the program and the level of their property tax exemptions.

The Governor is recommending approval of this request.

Public Safety

Attorney General

The Attorney General requested \$330,667 General Funds in both FY2001-02 and FY2002-03 for Program 507 to finance the Drug Prosecution and Violent Crimes Unit entirely with state General Funds instead of Byrne memorial grants.

The Governor is not recommending approval of this request.

Criminal Justice, Nebraska Commission on Law Enforcement and

The Governor's budget recommendation includes a Cash Fund appropriation increase of \$5,096 for FY 2001-02 to fully finance the remaining required state agency match for state agency Byrne Memorial grants awarded by the Crime Commission in July of 2001. This will avoid reductions to currently awarded state agency grants.

The Governor's budget recommendation includes a reduction to the personal services limitation for Program 199 by \$54,802 in FY 2001-02 and \$60,927 in FY 2002-03 to adjust for actual salaries under the current salary pay plan.

Military Department

The Military Department requested \$59,857 in personal services limitation in FY2001-02 for Program 544 to correct an encumbrance certification problem from FY2000-01.

The Governor is recommending approval of this request.

The Military Department requested \$78,062 Cash Funds in FY2001-02 for Program 544 to pay the settlement cost of a civil lawsuit filed against the Military Department.

The Governor is recommending approval of this request.

The Military Department requested \$22,480 personal services limitation in FY2001-02 and \$58,062 personal services limitation in FY2002-03 for Program 545 to maintain an existing position that was inadvertently omitted from the agency biennial budget request.

The Governor is recommending approval of this request.

State Fire Marshal

The State Fire Marshal requested \$4,387 personal services limitation in FY2001-02 and \$4,359 personal services limitation in FY2002-03 to cover reclassifications approved by State Personnel.

The Governor is recommending approval of this request.

State Patrol, Nebraska

The Nebraska State Patrol requested \$82,365 Cash Funds in FY2001-02 and \$164,730 Cash Funds in FY2002-03 to cover the cost of criminal history record checks for all persons residing in and operating foster care facilities every two years as part of the relicensing process.

The Governor is recommending approval of this request.

The Governor's budget recommendation includes \$197,585 General Funds and \$170,196 personal services limitation in FY 2002-03 for Program 100 to provide an enhanced security presence within the State Capitol Complex.

The Governor's budget recommendation includes amending Laws 2001, LB 432A, Section 2, to change the appropriation from Program 190 to Program 100, consistent with the agency umbrella program budget structure.

The Governor's budget recommendation includes a technical language change to the fund transfer section of LB 1, Section 158, as approved in the 97th Legislature, First Special Session, relating to a transfer to the Carrier Enforcement Cash Fund.

Existing Carrier Enforcement cash funds and available federal Motor Carrier Safety Assistance Program (MCSAP) funds are available beginning in 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.

Supreme Court

The Supreme Court requested a transfer of \$112,886 General Funds and \$100,000 personal services limitation from Program 6 to Program 52 in both FY2001-02 and FY2002-03 for two court reporter positions approved in Laws 2001, LB 23A and LB 92A.

The Governor is recommending approval of this request.

The Supreme Court requested \$102,000 Cash Funds in both FY2001-02 and FY2002-03 for Program 67 to finance anticipated probation drug testing expenses.

The Governor is recommending approval of this request.

Transportation

Motor Vehicles, Department of

The Governor is recommending the transfer of \$1.0 million in FY2002-03 from the Department of Motor Vehicles Cash Fund to the General Fund.

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Budget Division

Gerry A. Oligmueller, State Budget Administrator

Budget Analysts and Their Agency Assignments

- Lyn Heaton** – Blind & Visually Impaired Commission, Foster Care Review Board, Health & Human Services, Health & Human Services - Finance & Support, Health & Human Services - Regulation & Licensure, Veterans' Affairs
- Elton Larson** – Department of Agriculture, Brand Committee, Corn Board, Dairy Industry Development Board, Dry Bean Commission, Educational Lands and Funds, Department of Environmental Quality, Ethanol Board, Grain Sorghum Board, Department of Natural Resources, Oil and Gas Commission, Power Review Board, Wheat Board
- Jamison Lucchino** – Arts Council, Department of Education, Deaf and Hard of Hearing Commission, Historical Society, Indian Affairs Commission, Library Commission, Mexican American Commission, Women's Commission
- Rich Robinson** – Attorney General, Board of Pardons and Parole, Commission on Public Advocacy, Department of Correctional Services, Crime Commission, Electrical Board, Equal Opportunity Commission, State Fire Marshal, Industrial Relations, Military Department, State Patrol, Supreme Court, Workers' Compensation Court
- Dave Spatz** – Accountability & Disclosure Commission, Department of Aeronautics, Auditor of Public Accounts, Game & Parks Commission, Governor, Legislative Council, Lieutenant Governor, Department of Motor Vehicles, Motor Vehicles Licensing Board, Public Service Commission, Railway Council, Department of Roads, Secretary of State, State Board of Agriculture
- Dave Wagaman** – Community College Aid, Coordinating Commission for Postsecondary Education, Educational Telecommunications Commission, State College System, University of Nebraska System
- Joe Wilcox** – Abstracters, Department of Administrative Services, Department of Banking, Barber Examiners, Department of Economic Development, Engineers & Architects, Geologists, Department of Insurance, Investment Council, Department of Labor, Landscape Architects, Land Surveyors, Liquor Control, Property Assessment & Taxation, Public Accountancy, Public Employees Retirement Board, Racing Commission, Real Estate Commission, Real Estate Appraiser Board, Department of Revenue, Rural Development Commission, State Treasurer, Tax Equalization and Review

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