

Governor's Budget Recommendations
After February 22, 2002
Economic Forecasting Advisory Board Meeting

2001-2003 Biennium

February 28, 2002

MIKE JOHANNNS
Governor



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2001-2003 Biennium

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Budget Division
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February 28, 2002

STATE OF NEBRASKA

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Mike Johanns
Governor

February 28, 2002

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

Dear Mr. President and Senators:

On January 15, 2002, I presented Mid-Biennium Budget Adjustments for the 2001-2003 budget biennium to address \$29.8 million in various State agency requests for supplemental General Fund appropriations and to begin to address the \$50 million budget imbalance remaining after the 2001 special session. My recommendations reduced this budget imbalance to \$27.5 million. At that time we agreed that further budget actions should await the next official review of tax receipt forecasts by the Economic Forecasting Advisory Board on February 22, 2002.

In the meantime the Nebraska Department of Education certified TEEOSA school aid for FY03 at an amount approximately \$20 million higher than the previous estimate. This certification effectively reestablished the budget imbalance at approximately \$47.5 million based upon my January 15, 2002, recommendations. This last Friday, February 22, 2002, the Economic Forecasting Advisory Board lowered the estimate of net General Fund receipts for the current 2001-2003 biennium by approximately \$133 million causing the budget imbalance to now exceed \$180 million.

When the Economic Forecasting Advisory Board lowered receipts in October 2001 I wasted no time in advancing my recommendations to make immediate reductions to the State budget and to cause other necessary budget changes to address the projected downturn in tax receipts. The Legislature also responded diligently to this difficult fiscal situation. Today, I am promptly advancing my additional recommendations to further reduce General Fund spending and to support limited revenue measures to address this difficult fiscal situation.

I continue to believe that we must first focus our efforts on reducing General Fund spending. I am recommending an additional \$78.6 million in reductions to General Fund spending for FY02 and FY03. There has been much argument that during difficult fiscal times business tax incentives should be reduced not unlike the budgets of the various State agencies. My recommendations include a recovery of business tax incentive credits used that will address \$23.2 million of our budget imbalance during FY02 and FY03. I have also indicated my support for a fifty cent increase in the cigarette tax which provides \$43.2 million in FY03. An annual allocation of \$7.0 million for smoking prevention and control and \$5.0 million for children's health care should be made from these funds beginning in FY04. I am also recommending additional transfers of cash fund balances to the General Fund of \$13.1 million and a temporary cash reserve fund transfer. My recommendations eliminate the budget imbalance and provide for an ending biennial balance \$1.0 million greater than the minimum reserve requirement.

Mr. President, Mr. Speaker,
and Members of the Legislature
February 28, 2002
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In January I encouraged the Legislature to focus on the many significant policy matters requiring your attention. These past thirty days you have in fact addressed serious policy issues. I applaud your efforts. These next thirty days you will focus much of your attention to the resolution of the budget difficulties that result from the slowing of economic growth and the demand to finance a growing government.

I remain opposed to an increase in the sales and income tax rates. Today our citizenry continues to be challenged by our recent difficult economic conditions and we must continue to focus first on budget actions that avoid a demand by State government for more of their personal resources.

I understand the difficult work ahead for the Legislature, and as always, remain available to work with you to resolve this important fiscal challenge.

Sincerely,



Mike Johanns
Governor

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General Fund Financial Status

This General Fund Financial Status provides a summary of the State's financial condition including the impact of the Governor's January 15, 2002, Mid-Biennium Budget Adjustments, the February 1, 2002, certification of additional TEEOSA school aid, and the Governor's February 28, 2002, budget recommendations. While the State of 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.

On February 22, 2002, the Economic Forecasting Advisory Board reduced the estimate of net general fund tax receipts for the 2001-2003 biennium by \$132.8 million. The revenue portion of the Status shows the forecast of net General Fund receipts for the current biennium that were adopted by the Board in February 2002. The net General Fund receipts projected for the following biennium are the average of the DRI-WEFA based econometric forecasts prepared by the Legislative Fiscal Office and the Department of Revenue in February 2002.

In addition to the Governor's Mid-Biennium Budget Adjustments presented to the Legislature on January 15, 2002, the Governor supports the following changes that affect General Fund revenue:

- a 50 cent increase in the cigarette tax providing for \$43.2 million additional General Fund revenue in FY2002-03; \$33.2 million in FY2003-04 and \$32.9 million in FY2004-05 after allocating \$7.0 million for tobacco prevention and control and \$5.0 million for children's health care each year.
- a recovery of business tax incentive credits used under the Employment and Investment Growth Act (LB 775), the Invest Nebraska Act (LB 620), and the Quality Jobs Act (LB 829) providing for \$2.0 million additional General Fund revenue in FY2001-02, \$21.2 million in FY2002-03, \$28.3 million in FY2003-04, and \$23.2 million in FY2004-05.
- decoupling of the Nebraska tax code from the federal tax code for estate tax purposes providing for \$9.7 million additional General Fund revenue in FY2003-04 and \$14.8 million in FY2004-05.

The Governor's February 28, 2002, recommendations also propose to transfer \$10.35 million in FY2001-02, \$2.78 million in FY2002-03, \$2.78 million in FY2003-04, and \$3.68 million in FY2004-05 from various cash funds to the General Fund. An additional \$22.5 million transfer from the Cash Reserve Fund to the General Fund is recommended for FY2001-02; it is further recommended that this transfer be reversed in FY2004-05. The projected ending balance of the Cash Reserve Fund for FY2004-05 would remain at \$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 appropriations portion of the Status includes the February 1, 2002, certified amount of additional TEEOSA school aid.

In addition to the Governor's Mid-Biennium Budget Adjustments presented to the Legislature on January 15, 2002, and the certified amount of additional TEEOSA school aid, the Governor's February 28, 2002, recommendations reduce General Fund spending by \$8.2 million in FY2001-02, \$70.4 million in FY2002-03, and over \$70 million annually on a continuation basis. It is recommended that planning for the following biennium appropriations not exceed a three percent increase.

The ending balance portion of the Status shows the projected General Fund balance at the end of the current biennium \$1.0 million more than a minimum reserve of three percent.

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	\$120,654,651	\$162,962,665	\$164,643,159
Cash Reserve Fund Transfer-Automatic				
Lapse Carryover Obligations from FY01				
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	115,654,651	157,962,665	159,643,159
<u>Estimated Receipts</u>				
Net Receipts	2,491,000,000	2,606,000,000	2,706,848,000	2,844,127,500
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		
January 15 Recommendations	3,000,000	4,000,000		
February 28 Recommendations				
Cash Reserve Fund	22,500,000			(22,500,000)
Other Revenue Actions	12,367,000	67,172,000	73,961,000	74,573,000
General Fund Net Receipts	2,585,017,000	2,738,792,000	2,778,909,000	2,894,300,500
<u>Appropriations</u>				
Appropriations	2,606,951,336	2,747,240,962	2,691,483,986	2,772,228,506
Out-biennium 3% growth			80,744,520	83,166,855
2003 TEEOSA Certification		20,151,367		
Claims Bill	156,757			
January 15 Recommendations	(6,011,649)	(5,547,169)		
February 28 Recommendations	(8,214,200)	(70,361,174)		
General Fund Appropriations	2,592,882,244	2,691,483,986	2,772,228,506	2,855,395,361
<u>Ending Balance</u>				
Dollar ending balance	120,654,651	162,962,665	164,643,159	198,548,299
Biennial Reserve (%)	--	3.02%	--	3.52%
Variance from Minimum Reserve	--	1,035,517	--	28,562,702
Minimum Reserve	--	161,927,148	--	169,985,597
Annual Spending Growth	4.6%	3.8%	3.0%	3.0%
Two Year Average Growth	--	4.2%	--	3.0%

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 Governor's February 28, 2002, recommendations include a \$22.5 million transfer from the Cash Reserve Fund to the General Fund in FY2001-02; a reversal of that transfer is recommended in FY2004-05. The projected ending balance remains at \$45.5 million for FY2004-05.

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	87,566,099	23,036,099	23,036,099
Transfer Amounts Above Forecasts				
To/From Gen Fund per Current Law	(59,800,000)	(64,900,000)		
To/From Gen Fund per 2002 Session	(22,500,000)			22,500,000
To/From Muni Natural Gas Revolving Fund	(370,000)	370,000		
Projected Ending Balance	<u>87,566,099</u>	<u>23,036,099</u>	<u>23,036,099</u>	<u>45,536,099</u>

SUMMARY

January 15, 2002 General Fund Budget Recommendations February 28, 2002 General Fund Budget Recommendations by Type

	FY 02	% of FY 02 Adjustment
January 15 Recommendations	9,011,649	30.5%
Across-the-Board Reductions	0	0.0%
Specific Reductions	8,214,200	27.8%
Other Changes	<u>12,367,000</u>	<u>41.8%</u>
Total Reductions and Other Changes	<u><u>29,592,849</u></u>	<u><u>100.0%</u></u>

	FY 03	% of FY 03 Adjustment
January 15 Recommendations	9,547,169	6.5%
Across-the-Board Reductions	27,495,597	18.7%
Specific Reductions	42,865,577	29.1%
Other Changes	<u>67,172,000</u>	<u>45.7%</u>
Total Reductions and Other Changes	<u><u>147,080,343</u></u>	<u><u>100.0%</u></u>

	2001-03 Biennium	% of Biennium Adjustment
January 15 Recommendations	18,558,818	10.5%
Across-the-Board Reductions	27,495,597	15.6%
Specific Reductions	51,079,777	28.9%
Other Changes	<u>79,539,000</u>	<u>45.0%</u>
Total Reductions and Other Changes	<u><u>176,673,192</u></u>	<u><u>100.0%</u></u>

SUMMARY

General Fund Reductions by Category January 15, 2002 and February 28, 2002

	FY 01/02 Appropriation	January 15 Reduction	February 28 Reduction	Total FY 01/02 Reduction	% Change	FY 01/02 New Total
Operations	971,119,604	161,353	0	161,353	0.0%	971,280,957
Aid	1,608,446,880	(6,133,502)	(6,614,200)	(12,747,702)	-0.8%	1,595,699,178
Capital Construction	<u>27,384,852</u>	<u>(39,500)</u>	<u>(1,600,000)</u>	<u>(1,639,500)</u>	<u>-6.0%</u>	<u>25,745,352</u>
Total	<u>2,606,951,336</u>	<u>(6,011,649)</u>	<u>(8,214,200)</u>	<u>(14,225,849)</u>	<u>-0.5%</u>	<u>2,592,725,487</u>

	FY 02/03 *Appropriation	January 15 Reduction	February 28 Reduction	Total FY 02/03 Reduction	% Change	FY 02/03 New Total
Operations	1,036,402,430	2,777,771	(27,508,065)	(24,730,294)	-2.4%	1,011,672,136
Aid	1,708,203,602	(7,377,097)	(41,353,109)	(48,730,206)	-2.9%	1,659,473,396
Capital Construction	<u>22,786,300</u>	<u>(947,843)</u>	<u>(1,500,000)</u>	<u>(2,447,843)</u>	<u>-10.7%</u>	<u>20,338,457</u>
Total	<u>2,767,392,332</u>	<u>(5,547,169)</u>	<u>(70,361,174)</u>	<u>(75,908,343)</u>	<u>-2.7%</u>	<u>2,691,483,989</u>

	Biennium *Appropriation	January 15 Reduction	February 28 Reduction	Total Biennium Reduction	% Change	Biennium New Total
Operations	2,007,522,034	2,939,124	(27,508,065)	(24,568,941)	-1.2%	1,982,953,093
Aid	3,316,650,482	(13,510,599)	(47,967,309)	(61,477,908)	-1.9%	3,255,172,574
Capital Construction	<u>50,171,152</u>	<u>(987,343)</u>	<u>(3,100,000)</u>	<u>(4,087,343)</u>	<u>-8.1%</u>	<u>46,083,809</u>
Total	<u>5,374,343,668</u>	<u>(11,558,818)</u>	<u>(78,575,374)</u>	<u>(90,134,192)</u>	<u>-1.7%</u>	<u>5,284,209,476</u>

* - Includes 2003 TEEOSA Certification

Appropriations Excluded from Across-the-Board Reductions

	<u>FY03</u>
TEEOSA K-12 Aid	670,651,367
Medicaid	433,208,271
Aid to Individuals	
Public Assistance	152,127,552
Homestead Exemption	36,000,000
Vocational Rehabilitation	3,874,850
HHSS - Health Aid	600,000
Blind and Visually Impaired	167,005
Deaf and Hard of Hearing	752,875
	<hr/> 193,522,282
Public Safety	
National Guard & Emergency Management	3,152,719
HHSS - Protection and Safety	7,279,716
HHSS - Bioterrorism Preparedness/Response	1,767,000
State Fire Marshal - Public Safety	514,300
	<hr/> 12,713,735
Special Education	150,214,827
24 Hour Care/Treatment Facilities	
Regional Centers	52,203,945
Beatrice State Developmental Center	18,420,926
Veterans Homes	16,014,028
Youth Rehabilitation and Treatment Centers	10,955,437
	<hr/> 97,594,336
State Supported Community-Based Services	
Developmental Disabilities	54,870,832
Behavioral Health	31,791,777
Aging Services	5,696,975
	<hr/> 92,359,584
Community College Aid	67,006,738
Other	40,194,670
Grand Total	<hr/> 1,757,465,810

LISTING OF GOVERNOR'S FEBRUARY 28, 2002 RECOMMENDATIONS

	Fund	FY02	FY03
Appropriation Actions			
Across-the-Board Reductions			
State Colleges	General		(1,176,526)
University of Nebraska	General		(13,231,142)
Postsecondary Education Scholarship Assistance	General		(213,197)
Non-Exempt State Agencies/Programs	General		(12,874,732)
			(27,495,597)
Specific Reductions			
Supreme Court - Eliminate new information technology funding	General		(150,000)
Supreme Court - Eliminate new information technology funding	General		(566,800)
Supreme Court - Use available cash	General		(500,000)
Supreme Court - Use available cash	Cash		500,000
* Education - TEEOSA K-12 State Aid (LB 898)	General		(22,300,000)
Education - Special Education	General		(4,050,000)
HHS Finance & Support - Delayed start for county juvenile aid	General	(1,483,200)	
HHS Finance & Support - Public Assistance	General		(500,000)
HHS Finance & Support - Medicaid	General	(5,000,000)	(11,250,000)
* HHS Finance & Support - Medicaid (LB 1310)	Cash	5,000,000	
Corrections - Correctional Center for Women - York project cash flow	General	(1,500,000)	(1,500,000)
DAS - Utilize NCCF Fund for Capitol improvements	General	(100,000)	
DAS - Utilize NCCF Fund for Capitol improvements	NCCF	100,000	
* DAS - Cash fund finance 309 Taskforce (LB 1235)	General		(297,413)
Crime Comm. - Eliminate duplicate juvenile funding	General		(682,963)
Crime Comm. - Charge for Training Center food	General		(168,401)
Crime Comm. - Charge for Training Center food	Cash		168,401
Crime Comm. - Byrne match	Cash		75,000
Western Comm. College - tuition revenue	General	(131,000)	
* Property Assessment - Use available cash (LB 1234)	General		(900,000)
* Property Assessment - Use available cash (LB 1234)	Cash		900,000
	General	(8,214,200)	(42,865,577)
	Cash	5,000,000	1,643,401
	NCCF	100,000	0
			(70,361,174)
Total General Fund Appropriation Reductions		(8,214,200)	(70,361,174)

Revenue Actions

* Cigarette tax legislation - \$.50 increase (offset by \$12 million in FY04 and FY05)	General		43,200,000
* Decouple from federal estate tax (LB 905)	General		
* Business tax incentive credit recovery	General	2,017,000	21,192,000
Transfers to General Fund:			
* HHS Reg. & Lic. - Examining Boards Cash Fund (LB 1310)	General	4,000,000	
* Compensation Court Cash Fund (LB 1166)	General	4,000,000	
* DAS Recycling Fund (LB 1310)	General	250,000	
* Motor Vehicle Industry Licensing Cash Fund (LB 1310)	General	500,000	
* Education Innovation Fund (LB 1310)	General	1,600,000	
* Charitable Gaming Operations Fund (LB 1164)	General		780,000
* Tobacco Products Admin Cash Fund (LB 1197)	General		2,000,000
		10,350,000	2,780,000
Total General Fund Revenue Increases		12,367,000	67,172,000

GRAND TOTAL 20,581,200 137,533,174

Description of Governor's

February 28, 2002

Recommendations

Across-the-Board Reductions

The Governor is recommending an additional three percent across-the-board reduction in General Fund appropriations in FY2002-03 for most State agencies and programs. This is in addition to the five percent across-the-board reduction in General Fund appropriations enacted during the special legislative session in November 2001 for FY2002-03 for most State agencies and programs. Exemptions to these reductions include: TEEOSA K-12 school aid, special education, Medicaid, State supported community-based services, various aid programs for individuals, 24 hour care/treatment facilities, community colleges, certain public safety agencies responding to the threat of bioterrorism, and others. Some of these exempted agencies and programs are subject to specific reductions explained elsewhere in this publication. The Department of Corrections and the State Patrol were exempted from reductions in the special legislative session and are now recommended for an across-the board reduction of two percent in General Fund appropriations for FY2002-03.

The Governor is recommending an additional three percent across-the-board reduction in General Fund appropriations in FY2002-03 for the State College system. This is in addition to the one percent across-the-board reduction enacted in the special legislative session in November. The Governor is also recommending an additional three percent across-the-board reduction in General Fund appropriations in FY2002-03 for the University of Nebraska. This is in addition to the two and one-half percent across-the-board reduction enacted in the special legislative session in November. An additional three percent across-the-board reduction in General Fund appropriations in FY2002-03 is recommended for the higher education scholarship programs. This is in addition to the three percent reduction enacted to these scholarship programs during the special legislative session in November.

Appropriation Actions

Supreme Court

Eliminate New Information Technology Funding – This budget change reduces the General Fund appropriation for Program 52 by \$150,000 in FY2002-03. The Legislature included new funding in FY2002-03 for “one-time” information technology projects. The Governor is proposing that these new projects not be started and the associated appropriations be eliminated.

Eliminate New Information Technology Funding – This budget change reduces the General Fund appropriation for Program 570 by \$566,800 in FY2002-03. The Legislature included new funding in FY2002-03 for “one-time” information technology projects. The Governor is proposing that these new projects not be started and the associated appropriations be eliminated.

Use Available Cash – This budget change reduces the General Fund appropriation by \$500,000 in FY2002-03 and offsets this specific budget reduction by increasing the Probation Cash Fund appropriation by a similar amount in FY2002-03. The actual cash fund balance on June 30, 2001, was significantly higher than projected by the agency. This proposal takes into consideration funding decisions made in the 2001 Special Session and deficit funding request before the 2002 Legislature. This action will reduce this excess fund balance.

Department of Education

TEEOSA K-12 State Aid – The Governor supports a change in the local effort rate through LB 898, Speaker Kristensen's priority bill. LB 898 would increase the local effort rate beginning in FY2002-03, to seven and one-half cents below the maximum levy, rather than the current ten cents. This would reduce the General Fund contribution to State Aid for K-12 schools by approximately \$22.3 million in FY2002-03.

Special Education – The Governor is recommending that Special Education General Funds retain a maintenance of effort level of funding for FY2002-03. This level of funding is appropriate due to an increase in federal funds. This would reduce the General Fund appropriation for Special Education by \$4,050,000 in FY2002-03.

Health & Human Services Finance & Support

Delayed Start for County Juvenile Aid – The Governor's recommendation includes reducing the General Fund appropriation for the County Juvenile Aid Program in FY2001-02 by \$1,483,200, due to a delayed start for the program.

Public Assistance – The Governor's recommendation includes a reduction of General Fund appropriation of \$500,000 in FY2002-03 to the public assistance program in the Health and Human Services System. HHSS will examine eligibility standards, rates, payment processes and program efficiencies to reduce costs by \$500,000 General Funds annually.

Medicaid – The Governor supports proposals from the Health and Human Services System to revise regulations and implement administrative actions to reduce Medicaid spending by \$11,250,000 annually beginning with FY2002-03. These actions include the following:

- (a) Suspend budgeted Medicaid practitioner rate increases scheduled for July 1, 2002 – The provider rates which will not be increased as previously planned include chiropractors, dentists, home health agencies, certain laboratory services, mental health professionals, speech, physical and occupational therapists, physicians, podiatrists, optical providers, private duty nurses, and psychologists. This change will reduce Medicaid expenditures by \$3,000,000 General Funds in FY2002-03.
- (b) Reduce pharmacy dispensing fee – The Medicaid drug dispensing fee will be reduced by \$.50 per prescription. Since 1997, the number of prescriptions filled by pharmacies for the Medicaid program has increased from 2.9 million to 3.9 million prescriptions, a 35.5% increase in volume for the pharmacy business. This fee reduction will reduce expenditures by \$840,000 General Funds annually beginning in FY2002-03.
- (c) Eliminate direct medical education (DME) payments and cap disproportionate share payments to hospitals – DME payment is intended to compensate for costs associated with intern/resident programs and the payment amount is calculated on each Medicaid discharge. Hospitals eligible to receive disproportionate share payments are those which serve a relatively high proportion of low-income or Medicaid patients. Payments are intended to offset uncompensated care delivered by the facilities. With the rapid growth in the enrollment of children and pregnant women experienced since the inception of Kids Connection, the number of Medicaid discharges has increased significantly, providing medical education payments for each discharge, but also in addition, providing payment for services not guaranteed

before. This change will reduce Medicaid expenditures by \$2,500,000 General Funds annually beginning in FY2002-03.

- (d) Increase the prescription drug copayment from \$1 to \$2 – Nebraska currently requires selected Medicaid recipients to participate in the cost of their medical care by imposing nominal client copayments. With the rapid increase in drug costs experienced in recent years, the average state payment for drugs now supports a \$2 copayment per prescription, according to federal guidelines. This regulatory action will reduce Medicaid expenditures by \$600,000 General Funds annually beginning in FY2002-03.
- (e) The Medicaid Program contracts with a small number of nursing facilities to provide care for special needs clients. HHSS will implement a contract amendment to reduce the number of admissions, reduce daily rates, and reduce lengths of stay where appropriate. This change will reduce Medicaid expenditures by \$200,000 General Funds annually beginning in FY2002-03.
- (f) Require prior authorization for an expanded group of prescribed drugs - The purpose of prior authorization is to promote proper prescribing of medications for patients using medically accepted standards. Savings are generated by curbing excessive utilization and promoting lower cost, equally effective therapies. Medicaid currently has prior authorization requirements for very limited types of drugs. The annual net savings to the Medicaid program will be \$1,500,000 General Funds beginning in FY2002-03.
- (g) Reduce Medicaid cost-to-charge ratio for outpatient hospital payments - This action will reduce the reimbursement ratio for outpatient hospital services to 75% of cost from 85% of cost. For outpatient services, hospitals are paid a percent of charges (hospital-specific) which is used as a proxy for costs. This regulatory change will reduce Medicaid expenditures by \$1,450,000 General Funds, beginning in FY2002-03.
- (h) Reduce drug payment to Average Wholesale Price minus 12 percent – AWP is the average wholesale price set by the drug manufacturer nationally to represent the suggested price of the drugs. The Medicaid program generally understands that this is an inflated price and that it is common for pharmaceutical manufacturers to offer pharmacies a lower price than the AWP. Recent data indicates a trend toward AWP minus 12% or AWP minus 14% as states respond to revenue shortfalls. The proposal will reduce drug costs in the Medicaid program by \$1,160,000 General Funds annually beginning in FY2002-03.

Medicaid – The Governor is recommending the transfer of \$5,000,000 from the Tobacco Prevention and Control Cash Fund to the Health and Human Services Finance & Support Cash Fund in FY2001-02 to support the Medicaid program. This amount is excess balance available in the fund as a result of a delayed start while HHSS engaged in a lengthy planning process and public engagement period to develop program activities and objectives. This balance is in excess of the \$14,000,000 needed by HHSS during this biennium to fund budgeted program activities. The Governor's recommendations support allocation of \$7,000,000 of a \$.50 increase in the cigarette tax beginning in FY2003-04 for the Tobacco Prevention and Control Cash Fund in order to continue the program when the initial \$16 million allocation has been exhausted. This transfer allows for a \$5,000,000 General Fund reduction in FY2001-02.

Department of Corrections

Correctional Center for Women – York Project Cash Flow – This budget change would modify the funding cash flow for the capital construction expansion project at the Nebraska Correctional Center for Women in York. Funding for the project would be extended out over three years instead of two. The funding recommendation is to reduce current appropriations from the State Building Fund by \$1,500,000 in FY2001-02 and \$1,500,000 in FY2002-03. An offsetting budget adjustment of \$3,000,000 from the State Building Fund would be made in FY2003-04.

Department of Administrative Services

Utilize Nebraska Capital Construction Fund (NCCF) Balance – Reduce the State Building Fund appropriation by \$100,000 in FY2001-02 and increase the appropriation to the Nebraska Capital Construction Fund by \$100,000 in FY2001-02 for the State Capitol improvements project. This will save the state \$100,000 in General Funds.

Begin Cash Funding 309 Task Force Operations – Reduce the General Fund appropriation by \$297,413 in FY2002-03 and increase the cash fund appropriation by a like amount to use up to 2% of Task Force revenue to finance operations. This change is allowed by LB 1235, which is supported by the Governor.

Nebraska Commission on Law Enforcement and Criminal Justice

Eliminate Duplicate Juvenile Funding – This specific budget item eliminates duplicate Juvenile Services Funding from the state budget. The proposal eliminates \$682,963 General Funds from Program 150 in FY2002-03. The \$3,270,600 of available General Fund appropriations left intact for the new County Juvenile Services Aid Program for FY2002-03 more than offsets the duplicate funding eliminated. The proposal will provide a single coordinated approach to juvenile services funding that will allow counties to establish juvenile services priorities for their own individual county needs.

Charge for Meals at Training Center – This budget change would reduce the General Fund appropriation by \$168,401 in FY2002-03 and increase the Cash Fund appropriation by \$168,401 in FY2002-03 for Program 199 to begin charging for the food service operation at the Nebraska Law Enforcement Training Center. The implementation date proposed is July 1, 2002. Students, faculty, visitors, and employees of the agency would be assessed for the actual cost of meals provided. This proposal is consistent with provisions enacted by the Legislature under Laws 2000, LB 994, whereby the state will begin to transition to a tuition-based training academy.

Byrne Match – This budget change would increase the Cash Fund appropriation by \$75,000 for Program 210 in FY2002-03 to allow the Crime Commission to continue to fully meet the state matching requirement of available federal Byrne grants for state agencies.

Community College Aid

Western Community College Tuition Revenue – Aid to the Community College Grant Program is reduced by \$131,000 in General Funds in FY2001-02. This reduction is taken from the one-time appropriation for the Western Community College Area. Enrollment is above original projections by approximately 10 percent in FY2001-02. Therefore, tuition and fee revenue has increased by a similar percentage amount, and the one-time General Fund appropriation for the Western Area can be reduced by a similar amount.

Department of Property Assessment & Taxation

Use Available Cash Funds – Reduce \$900,000 in General Fund appropriations in FY2002-03 by using available Property Assessment & Taxation Cash Fund. This change is allowed by LB 1234, which is supported by the Governor.

Revenue Actions

Cigarette Tax Increase of \$0.50 – Increase in the cigarette tax by \$0.50 per pack. This increases General Fund revenues by \$43,200,000 in FY2002-03; \$33,200,000 in FY2003-04; and, \$32,900,000 in FY2004-05, after allocating \$7,000,000 for tobacco prevention and control and \$5,000,000 for children’s health care each year.

Decouple from Federal Estate Tax – LB 905 would replace the current estate tax based on the federal credit with a tax based on a schedule previously used to calculate the federal credit. This measure would increase General Fund revenues by approximately \$9,696,000 in FY2003-04 and by approximately \$14,800,000 in FY2004-05. The Governor supports passage of LB 905.

Tax Incentive Credit Recovery – The Governor proposes a recovery provision in Nebraska law on tax incentive credits used on or after the effective date of this change in law. The recovery provision would apply to credits used under the Employment and Investment Growth Act (LB 775), the Invest Nebraska Act (LB 620) and the Quality Jobs Act (LB 829). Under LB 775, the recovery will occur on credits used for both income and sales/use tax, and direct sales tax refunds. The carryover period for credits under these three programs will be extended by two years. Tax incentive credits may not be used to offset the recovery. The recovery will be imposed at a rate of 20%. The estimated revenue gain for the current biennium is \$23.2 million. This measure will increase General Fund revenues by \$2,017,000 in FY2001-02, \$21,192,000 in FY2002-03, \$28,285,000 in FY2003-04 and \$23,193,000 in FY2004-05.

Transfers

Health & Human Services Regulation & Licensure

Examining Boards Cash Fund – The Governor is recommending the transfer of \$4,000,000 from the Bureau of Examining Boards Cash Fund to the General Fund in FY2001-02. This action will reduce the excess cash fund balance and will not have any impact on the current budget enacted by the Legislature for the Department of Health & Human Services Regulation & Licensure during this biennium.

Worker’s Compensation Court

Compensation Court Cash Fund – The Governor recommends transferring \$4,000,000 from the Compensation Court Cash Fund to the General Fund within five days after the effective date of the act. This action will reduce the excess cash fund balance and will not have any impact on the current budget enacted by the Legislature for the Workers’ Compensation Court during this biennium.

Department of Administrative Services

DAS Recycling Fund – The Governor recommends transferring \$250,000 of the balance in this cash fund in FY2001-02 to the General Fund.

Motor Vehicle Industry Licensing Board

Motor Vehicle Industry Licensing Cash Fund – The Governor is recommending the transfer of \$500,000 in FY2001-02 from the Motor Vehicle Industry Licensing Board Cash Fund to the General Fund.

Department of Education

Education Innovation Fund – The Governor is recommending that the unobligated balance of the Education Innovation Fund, approximately \$1.6 million of lottery revenue, be transferred to the General Fund. The unobligated balance consists of the Competitive Incentive Grants Program only. The Mentor Teacher Program and the Quality Education Incentive Payments are not affected by this recommendation.

Department of Revenue

Charitable Gaming Operations Fund Transfers – LB 1164, makes certain changes to, and authorizes the Legislature to make transfers from, the Charitable Gaming Operations Cash Fund to the General Fund. The Governor supports this legislation and recommends transfers to the General Fund of approximately \$780,000 in each of FY2002-03, FY2003-04, and FY2004-05.

Tobacco Products Administration Cash Fund Transfers – LB 1197, makes certain changes to, and authorizes the Legislature to make transfers from, the Tobacco Products Administration Cash Fund to the General Fund. The Governor supports this legislation and recommends transfers to the General Fund of \$2,000,000 in each of FY2002-03 and FY2003-04, and \$2,900,000 in FY2004-05.

Agency Summaries

TOTAL GENERAL FUND APPROPRIATIONS BY AGENCY

AGENCY / Aid Category	2001 Regular Session		After Special Session		After GOV REC - January 15		After GOV REC - February 28	
	FY2001-02	FY2002-03	FY2001-02	FY2002-03	FY2001-02	FY2002-03	FY2001-02	FY2002-03
	APPROP	APPROP	APPROP	APPROP	APPROP	APPROP	APPROP	APPROP
3 Legislative Council	15,252,199	15,765,888	14,434,174	14,857,421	14,434,174	14,857,421	14,434,174	14,408,229
5 Supreme Court	55,931,666	58,366,131	54,240,784	56,784,555	54,240,784	56,784,555	54,240,784	54,480,484
7 Governor	1,494,572	1,631,501	1,414,611	1,554,765	1,414,611	1,554,765	1,414,611	1,508,724
8 Lt. Governor	105,785	114,877	102,264	112,741	102,264	112,741	102,264	111,459
9 Secretary of State	768,117	786,992	740,060	751,382	740,060	751,382	740,060	730,017
10 Auditor	2,149,899	2,225,206	2,066,501	2,117,533	2,066,501	2,117,533	2,066,501	2,052,929
11 Attorney General	3,927,822	4,066,204	3,850,978	3,966,861	3,850,978	3,966,861	3,850,978	3,847,650
12 Treasurer	29,520,502	29,552,241	28,342,232	28,078,148	28,342,232	28,078,148	28,342,232	27,248,984
13 Education	821,965,871	849,893,202	814,496,746	838,107,072	814,533,244	838,107,072	814,533,244	830,874,290
14 Public Service Commission	2,392,164	2,507,982	2,307,360	2,397,476	2,307,360	2,397,476	2,307,360	2,331,172
15 Pardons and Parole	659,540	691,208	647,956	676,104	647,956	676,104	647,956	667,041
16 Revenue	62,557,744	63,219,868	62,148,762	62,151,561	63,878,762	63,881,561	63,878,762	63,701,346
18 Agriculture	7,325,558	7,810,114	7,032,535	7,419,609	7,032,535	7,419,609	7,032,535	7,185,307
20 HHS-Reg. and Licensure	7,194,398	7,706,575	5,882,302	7,314,596	5,856,994	7,289,288	5,856,994	7,111,100
21 Fire Marshal	1,268,005	1,296,568	937,395	642,757	937,395	642,757	937,395	642,757
23 Labor	559,784	576,651	559,784	576,651	559,784	576,651	559,784	565,118
25 Health and Human Services	146,678,621	156,039,192	144,698,452	153,480,935	144,723,233	155,889,340	144,723,233	154,477,985
26 HHS - Finance and Support	679,071,179	738,911,317	666,089,015	721,654,094	658,314,542	713,155,940	651,831,342	700,036,718
27 Roads	821,000	816,000	788,160	775,200	788,160	775,200	788,160	750,720
28 Veterans Affairs	658,726	693,820	632,377	693,820	632,377	693,820	632,377	673,005
29 Natural Resources	19,294,063	20,137,243	18,369,254	19,130,381	18,369,254	19,130,381	18,369,254	18,526,264
31 Military	3,695,958	4,052,719	3,659,958	4,007,719	3,659,958	4,007,719	3,659,958	3,980,719
32 Ed. Lands and Funds	421,758	438,633	404,888	416,701	404,888	416,701	404,888	403,542
33 Game and Parks	10,538,389	10,842,458	10,116,854	10,300,335	10,116,854	10,300,335	10,116,854	9,975,060
34 Library Commission	3,810,442	3,919,318	3,658,024	3,723,352	3,658,024	3,723,352	3,658,024	3,605,773
35 Liquor Control	803,575	814,274	771,432	773,560	771,432	773,560	771,432	749,132
38 Status of Women	204,477	212,943	196,298	202,296	196,298	202,296	196,298	195,908
46 Corrections	114,966,807	128,279,155	112,136,932	128,066,655	112,136,932	128,066,655	112,136,932	125,490,434
47 Ed. Telecomm. Comm.	8,496,709	9,398,782	8,156,840	8,928,843	8,156,840	8,961,079	8,156,840	8,679,116
48 Nebr. Coordinating Comm.	8,037,893	8,236,421	7,994,338	7,966,729	7,994,338	7,966,729	7,994,338	7,719,635
50 St. Colleges/Bd. Office	35,935,636	39,217,545	35,541,402	38,803,622	35,541,402	38,803,622	35,541,402	37,627,096
51 University of Nebr.	415,716,229	443,557,376	407,357,662	432,293,579	407,377,412	432,293,579	407,377,412	419,062,437
52 State Fair Board	318,967	318,967	306,208	303,019	306,208	303,019	306,208	293,450
54 Historical Society	4,265,687	4,410,137	4,095,059	4,189,630	4,103,993	4,200,350	4,103,993	4,068,046
64 State Patrol	38,152,179	40,068,145	38,152,179	40,068,145	38,152,179	40,265,730	38,152,179	39,464,367
65 Administrative Services	10,381,824	10,784,176	9,662,459	9,949,301	9,690,128	9,977,907	9,690,128	9,460,122
67 Equal Opportunity	1,019,810	1,079,720	579,018	1,025,734	579,018	1,025,734	579,018	993,342
68 Mexican-American Comm	215,014	220,289	206,413	220,289	206,413	220,289	206,413	213,680
69 Arts Council	1,483,849	1,511,517	1,440,556	1,456,018	1,440,556	1,456,018	1,440,556	1,410,673
70 Foster Care Review Bd.	1,213,605	1,262,563	1,165,061	1,199,435	1,165,061	1,199,435	1,165,061	1,161,558

AGENCY / Aid Category	2001 Regular Session		After Special Session		After GOV REC - January 15		After GOV REC - February 28	
	FY2001-02 APPROP	FY2002-03 APPROP	FY2001-02 APPROP	FY2002-03 APPROP	FY2001-02 APPROP	FY2002-03 APPROP	FY2001-02 APPROP	FY2002-03 APPROP
72 Economic Development	6,161,483	6,371,742	5,129,035	5,133,170	5,129,035	5,133,170	5,129,035	5,054,361
76 Indian Commission	196,096	201,959	188,252	191,861	188,252	191,861	188,252	185,802
77 Industrial Relations	247,798	255,125	237,886	242,369	237,886	242,369	237,886	234,715
78 Crime Commission	4,095,542	4,187,182	3,679,337	3,943,548	3,679,337	3,943,548	3,679,337	2,991,885
81 Blind/Visually Imp Comm	537,282	566,869	537,282	566,869	537,282	566,869	537,282	554,873
82 Hearing Impaired	729,360	752,875	700,186	752,875	680,186	752,875	680,186	752,875
83 Community Colleges	65,529,518	68,802,400	65,487,424	67,006,738	65,487,424	66,006,738	65,356,424	66,006,738
84 Environmental Quality	7,116,093	7,755,901	6,616,739	7,164,806	6,616,739	7,164,806	6,616,739	7,047,582
85 Retirement Board	14,872,630	14,872,630	14,872,630	14,872,630	14,872,630	15,389,214	14,872,630	15,389,214
87 Accountability/Disclosure	443,298	459,267	425,566	436,304	425,566	436,304	425,566	422,526
90 Railway Council	6,651	6,651	6,385	6,318	6,385	6,318	6,385	6,118
93 Tax Equal and Review	714,538	764,931	685,956	726,684	685,956	726,684	685,956	703,736
94 Public Advocacy Comm	1,124,945	1,694,141	1,079,947	1,609,434	1,079,947	1,609,434	1,079,947	1,558,610
95 Rural Development Comm	365,305	377,580	350,693	358,701	350,693	358,701	350,693	347,374
96 Property Assessment	4,360,295	4,530,246	4,185,883	4,303,734	4,185,883	4,303,734	4,185,883	3,403,734
Total	2,625,776,857	2,783,033,417	2,579,566,484	2,724,454,665	2,573,594,335	2,719,855,339	2,566,980,135	2,671,145,532
CAPITAL CONSTRUCTION	33,797,441	30,133,356	27,384,852	22,786,300	27,345,352	21,838,457	25,745,352	20,338,457
GRAND TOTAL	2,659,574,298	2,813,166,773	2,606,951,336	2,747,240,965	2,600,939,687	2,741,693,796	2,592,725,487	2,691,483,989

GOVERNOR'S FEBRUARY 28, 2002 GENERAL FUND CHANGES BY AGENCY

AGENCY / Aid Category	EXPE	After GOV REC - January 15		GOV REC - February 28		GOV REC - February 28		GOV REC - February 28		After GOV REC - February 28	
		FY2001-02	FY2002-03	FY2001-02	FY2002-03	FY2001-02	FY2002-03	FY2001-02	FY2002-03	FY2001-02	FY2002-03
		APPROP	APPROP	Across the Board	Across the Board	Specific	Specific	TOTAL	TOTAL	APPROP	APPROP
3 Legislative Council	Oper	14,434,174	14,857,421	0	(449,192)	0	0	0	(449,192)	14,434,174	14,408,229
	Total	14,434,174	14,857,421	0	(449,192)	0	0	0	(449,192)	14,434,174	14,408,229
5 Supreme Court	Oper	53,981,584	56,528,055	0	(1,079,171)	0	(1,216,800)	0	(2,295,971)	53,981,584	54,232,084
Dispute Resolution Ctrs	Aid	259,200	256,500	0	(8,100)	0	0	0	(8,100)	259,200	248,400
Juv. Incarceration Alt.	Aid	0	0	0	0	0	0	0	0	0	0
	Total	54,240,784	56,784,555	0	(1,087,271)	0	(1,216,800)	0	(2,304,071)	54,240,784	54,480,484
7 Governor	Oper	947,651	1,056,577	0	(30,309)	0	0	0	(30,309)	947,651	1,026,268
Policy Research	Oper	466,960	498,188	0	(15,732)	0	0	0	(15,732)	466,960	482,456
	Total	1,414,611	1,554,765	0	(46,041)	0	0	0	(46,041)	1,414,611	1,508,724
8 Lt. Governor	Oper	102,264	112,741	0	(1,282)	0	0	0	(1,282)	102,264	111,459
	Total	102,264	112,741	0	(1,282)	0	0	0	(1,282)	102,264	111,459
9 Secretary of State	Oper	740,060	751,382	0	(21,365)	0	0	0	(21,365)	740,060	730,017
	Total	740,060	751,382	0	(21,365)	0	0	0	(21,365)	740,060	730,017
10 Auditor	Oper	2,066,501	2,117,533	0	(64,604)	0	0	0	(64,604)	2,066,501	2,052,929
	Total	2,066,501	2,117,533	0	(64,604)	0	0	0	(64,604)	2,066,501	2,052,929
11 Attorney General	Oper	3,850,978	3,966,861	0	(119,211)	0	0	0	(119,211)	3,850,978	3,847,650
	Total	3,850,978	3,966,861	0	(119,211)	0	0	0	(119,211)	3,850,978	3,847,650
12 Treasurer	Oper	2,204,844	2,213,024	0	(12,371)	0	0	0	(12,371)	2,204,844	2,200,653
Nat'l Resources Dist Act	Aid	2,209,092	2,186,081	0	(69,034)	0	0	0	(69,034)	2,209,092	2,117,047
Aid to Municipalities	Aid	16,830,240	16,654,925	0	(525,945)	0	0	0	(525,945)	16,830,240	16,128,980
Aid to Counties	Aid	7,098,056	7,024,118	0	(221,814)	0	0	0	(221,814)	7,098,056	6,802,304
	Total	28,342,232	28,078,148	0	(829,164)	0	0	0	(829,164)	28,342,232	27,248,984
13 Education	Oper	15,078,575	15,431,844	0	(423,012)	0	0	0	(423,012)	15,078,575	15,008,832
Teacher Salary Aid	Aid	0	0	0	0	0	0	0	0	0	0
State Aid to Schools	Aid	631,828,496	650,500,000	0	0	0	(2,148,633)	0	(2,148,633)	631,828,496	648,351,367
Option Enrollment /Trans.	Aid	189,312	187,340	0	(5,916)	0	0	0	(5,916)	189,312	181,424
Special Education	Aid	146,164,827	150,214,827	0	0	0	(4,050,000)	0	(4,050,000)	146,164,827	146,164,827
School Lunch	Aid	472,800	487,875	0	0	0	0	0	0	472,800	467,875
School Breakfast	Aid	341,192	301,520	0	0	0	0	0	0	341,192	301,520
Early Childhood Programs	Aid	1,497,600	2,432,000	0	(76,800)	0	0	0	(76,800)	1,497,600	2,355,200
Voc. & Adult Education	Aid	241,809	239,290	0	(7,557)	0	0	0	(7,557)	241,809	231,733

AGENCY / Aid Category	EXPE	After GOV REC - January 15		GOV REC - February 28		GOV REC - February 28		GOV REC - February 28		After GOV REC - February 28	
		FY2001-02	FY2002-03	FY2001-02	FY2002-03	FY2001-02	FY2002-03	FY2001-02	FY2002-03	FY2001-02	FY2002-03
		APPROP	APPROP	Across the Board	Across the Board	Specific	Specific	TOTAL	TOTAL	APPROP	APPROP
Vocational Rehabilitation	Aid	1,838,361	1,838,361	0	0	0	0	0	0	1,838,361	1,838,361
Textbook Loans	Aid	407,256	403,014	0	(12,727)	0	0	0	(12,727)	407,256	390,287
Teacher World Aid	Aid	0	35,385	0	(1,117)	0	0	0	(1,117)	0	34,268
Economic Ed Aid	Aid	27,500	26,125	0	(825)	0	0	0	(825)	27,500	25,300
Teacher Certification	Aid	720	712	0	(23)	0	0	0	(23)	720	689
School Reorg. Studies	Aid	19,200	19,000	0	(600)	0	0	0	(600)	19,200	18,400
ESU Nurses	Aid	0	0	0	0	0	0	0	0	0	0
ESU Core Services/Tech.	Aid	13,094,375	12,750,648	0	(402,652)	0	0	0	(402,652)	13,094,375	12,347,996
Gifted Education	Aid	3,331,221	3,259,131	0	(102,920)	0	0	0	(102,920)	3,331,221	3,156,211
	Total	814,533,244	838,107,072	0	(1,034,149)	0	(6,198,633)	0	(7,232,782)	814,533,244	830,874,290
14 Public Service Commission	Oper	2,307,360	2,397,476	0	(66,304)	0	0	0	(66,304)	2,307,360	2,331,172
	Total	2,307,360	2,397,476	0	(66,304)	0	0	0	(66,304)	2,307,360	2,331,172
15 Pardons and Parole	Oper	647,956	676,104	0	(9,063)	0	0	0	(9,063)	647,956	667,041
	Total	647,956	676,104	0	(9,063)	0	0	0	(9,063)	647,956	667,041
16 Revenue	Oper	20,141,597	20,685,041	0	0	0	0	0	0	20,141,597	20,685,041
Homestead Exemption	Aid	37,730,000	37,730,000	0	0	0	0	0	0	37,730,000	37,730,000
Property Tax Relief	Aid	6,007,165	5,466,520	0	(180,215)	0	0	0	(180,215)	6,007,165	5,286,305
	Total	63,878,762	63,881,561	0	(180,215)	0	0	0	(180,215)	63,878,762	63,701,346
18 Agriculture	Oper	6,072,535	6,469,609	0	(204,302)	0	0	0	(204,302)	6,072,535	6,265,307
Ag Opportunities Grants	Aid	960,000	950,000	0	(30,000)	0	0	0	(30,000)	960,000	920,000
	Total	7,032,535	7,419,609	0	(234,302)	0	0	0	(234,302)	7,032,535	7,185,307
20 HHS-Reg. and Licensure	Oper	5,856,994	7,289,288	0	(178,188)	0	0	0	(178,188)	5,856,994	7,111,100
	Total	5,856,994	7,289,288	0	(178,188)	0	0	0	(178,188)	5,856,994	7,111,100
21 Fire Marshal	Oper	937,395	642,757	0	0	0	0	0	0	937,395	642,757
	Total	937,395	642,757	0	0	0	0	0	0	937,395	642,757
23 Labor	Oper	559,784	576,651	0	(11,533)	0	0	0	(11,533)	559,784	565,118
	Total	559,784	576,651	0	(11,533)	0	0	0	(11,533)	559,784	565,118
25 Health and Human Services	Oper	144,723,233	155,889,340	0	(1,411,355)	0	0	0	(1,411,355)	144,723,233	154,477,985
	Total	144,723,233	155,889,340	0	(1,411,355)	0	0	0	(1,411,355)	144,723,233	154,477,985
26 HHS - Finance and Support	Oper	35,991,033	36,490,917	0	(1,148,381)	0	0	0	(1,148,381)	35,991,033	35,342,536
Renal Disease/Comm. Hlth	Aid	2,911,406	2,911,792	0	(73,004)	0	0	0	(73,004)	2,911,406	2,838,788
Medical Student Assist.	Aid	780,384	905,255	0	(28,587)	0	0	0	(28,587)	780,384	876,668
Community Behavioral Heal	Aid	28,150,497	31,791,777	0	0	0	0	0	0	28,150,497	31,791,777

AGENCY / Aid Category	EXPE	After GOV REC - January 15		GOV REC - February 28		GOV REC - February 28		GOV REC - February 28		After GOV REC - February 28	
		FY2001-02 APPROP	FY2002-03 APPROP	FY2001-02 Across the Board	FY2002-03 Across the Board	FY2001-02 Specific	FY2002-03 Specific	FY2001-02 TOTAL	FY2002-03 TOTAL	FY2001-02 APPROP	FY2002-03 APPROP
Developmental Disabilities	Aid	51,012,023	54,870,832	0	0	0	0	0	0	51,012,023	54,870,832
Community Juvenile Serv	Aid	1,886,400	3,776,250	0	(106,650)	(1,483,200)	0	(1,483,200)	(106,650)	403,200	3,669,600
Wards of the Court	Aid	8,678,581	8,678,581	0	0	0	0	0	0	8,678,581	8,678,581
Public Assistance	Aid	136,137,904	143,448,971	0	0	0	(500,000)	0	(500,000)	136,137,904	142,948,971
Juv. Foster Care/Child Welf	Aid	3,585,983	0	0	(12,600)	0	0	0	(12,600)	3,585,983	(12,600)
Medicaid	Aid	383,733,356	424,584,590	0	0	(5,000,000)	(11,250,000)	(5,000,000)	(11,250,000)	378,733,356	413,334,590
Aid to Aging	Aid	5,446,975	5,696,975	0	0	0	0	0	0	5,446,975	5,696,975
Total		658,314,542	713,155,940	0	(1,369,222)	(6,483,200)	(11,750,000)	(6,483,200)	(13,119,222)	651,831,342	700,036,718
27 Roads	Oper	0	0	0	0	0	0	0	0	0	0
Local Transit Assistance	Aid	648,000	641,250	0	(20,250)	0	0	0	(20,250)	648,000	621,000
Intercity Bus Sys Assist	Aid	116,160	114,950	0	(3,630)	0	0	0	(3,630)	116,160	111,320
Midwest Rail Compact	Aid	24,000	19,000	0	(600)	0	0	0	(600)	24,000	18,400
Total		788,160	775,200	0	(24,480)	0	0	0	(24,480)	788,160	750,720
28 Veterans Affairs	Oper	632,377	693,820	0	(20,815)	0	0	0	(20,815)	632,377	673,005
Total		632,377	693,820	0	(20,815)	0	0	0	(20,815)	632,377	673,005
29 Water Res/Dept Nat Res	Oper	10,474,073	11,222,441	0	(354,393)	0	0	0	(354,393)	10,474,073	10,868,048
Small Watershed	Aid	96,000	190,000	0	(6,000)	0	0	0	(6,000)	96,000	184,000
Water & Soil Conservatn	Aid	3,795,981	3,756,440	0	(118,624)	0	0	0	(118,624)	3,795,981	3,637,816
Water Quality Fund	Aid	240,000	237,500	0	(7,500)	0	0	0	(7,500)	240,000	230,000
Nat'l Res. Dev. Fund	Aid	3,763,200	3,724,000	0	(117,600)	0	0	0	(117,600)	3,763,200	3,606,400
Total		18,369,254	19,130,381	0	(604,117)	0	0	0	(604,117)	18,369,254	18,526,264
31 Military	Oper	3,065,336	3,152,719	0	0	0	0	0	0	3,065,336	3,152,719
Military Tuition Assist.	Aid	594,622	855,000	0	(27,000)	0	0	0	(27,000)	594,622	828,000
Governor's Emergency Fnd	Aid	0	0	0	0	0	0	0	0	0	0
Total		3,659,958	4,007,719	0	(27,000)	0	0	0	(27,000)	3,659,958	3,980,719
32 Ed. Lands and Funds	Oper	404,888	416,701	0	(13,159)	0	0	0	(13,159)	404,888	403,542
Total		404,888	416,701	0	(13,159)	0	0	0	(13,159)	404,888	403,542
33 Game and Parks	Oper	10,068,854	10,252,835	0	(323,775)	0	0	0	(323,775)	10,068,854	9,929,060
Niobrara Council	Aid	48,000	47,500	0	(1,500)	0	0	0	(1,500)	48,000	46,000
Total		10,116,854	10,300,335	0	(325,275)	0	0	0	(325,275)	10,116,854	9,975,060
34 Library Commission	Oper	2,218,308	2,285,804	0	(72,183)	0	0	0	(72,183)	2,218,308	2,213,621
Library Development	Aid	1,439,716	1,437,548	0	(45,396)	0	0	0	(45,396)	1,439,716	1,392,152
Total		3,658,024	3,723,352	0	(117,579)	0	0	0	(117,579)	3,658,024	3,605,773
35 Liquor Control	Oper	771,432	773,580	0	(24,428)	0	0	0	(24,428)	771,432	749,132

AGENCY / Aid Category	EXPE	After GOV REC - January 15		GOV REC - February 28		GOV REC - February 28		GOV REC - February 28		After GOV REC - February 28	
		FY2001-02	FY2002-03	FY2001-02	FY2002-03	FY2001-02	FY2002-03	FY2001-02	FY2002-03	FY2001-02	FY2002-03
		APPROP	APPROP	Across the Board	Across the Board	Specific	Specific	TOTAL	TOTAL	APPROP	APPROP
	Total	771,432	773,560	0	(24,428)	0	0	0	(24,428)	771,432	749,132
										0	0
38 Status of Women	Oper	196,298	202,296	0	(6,388)	0	0	0	(6,388)	196,298	195,908
	Total	196,298	202,296	0	(6,388)	0	0	0	(6,388)	196,298	195,908
46 Corrections	Oper	107,781,932	123,754,155	0	(2,443,221)	0	0	0	(2,443,221)	107,781,932	121,310,934
Community Justice Grants	Aid	275,000	275,000	0	(5,500)	0	0	0	(5,500)	275,000	269,500
Jail Reimbursement Assist.	Aid	4,080,000	4,037,500	0	(127,500)	0	0	0	(127,500)	4,080,000	3,910,000
	Total	112,136,932	128,066,655	0	(2,576,221)	0	0	0	(2,576,221)	112,136,932	125,490,434
47 Ed. Telecomm. Comm.	Oper	8,032,040	8,837,579	0	(278,063)	0	0	0	(278,063)	8,032,040	8,559,516
NEB*SAT Training Grants	Aid	124,800	123,500	0	(3,900)	0	0	0	(3,900)	124,800	119,600
	Total	8,156,840	8,961,079	0	(281,963)	0	0	0	(281,963)	8,156,840	8,679,116
48 Nebr. Coordinating Comm.	Oper	1,045,312	1,073,400	0	(33,897)	0	0	0	(33,897)	1,045,312	1,039,503
SSIG Match/Schol. Award	Aid	2,044,988	2,034,563	0	(82,925)	0	0	0	(82,925)	2,044,988	1,971,638
Scholarship Assist. Prog.	Aid	2,044,988	2,034,563	0	(82,925)	0	0	0	(82,925)	2,044,988	1,971,638
Postsec. Ed. Award Prog.	Aid	2,859,050	2,824,203	0	(87,347)	0	0	0	(87,347)	2,859,050	2,736,856
	Total	7,994,338	7,966,729	0	(247,094)	0	0	0	(247,094)	7,994,338	7,719,635
50 St. Colleges/Bd. Office	Oper	35,541,402	38,803,622	0	(1,176,526)	0	0	0	(1,176,526)	35,541,402	37,627,096
	Total	35,541,402	38,803,622	0	(1,176,526)	0	0	0	(1,176,526)	35,541,402	37,627,096
51 University of Nebr.	Oper	404,989,904	429,881,482	0	(13,231,142)	0	0	0	(13,231,142)	404,989,904	416,650,340
Student Contracts & Misc.	Aid	2,387,508	2,412,097	0	0	0	0	0	0	2,387,508	2,412,097
	Total	407,377,412	432,293,579	0	(13,231,142)	0	0	0	(13,231,142)	407,377,412	419,062,437
52 State Fair Board	Oper	0	0	0	0	0	0	0	0	0	0
State Fair Premiums	Aid	306,208	303,019	0	(9,569)	0	0	0	(9,569)	306,208	293,450
	Total	306,208	303,019	0	(9,569)	0	0	0	(9,569)	306,208	293,450
54 Historical Society	Oper	4,103,993	4,200,350	0	(132,304)	0	0	0	(132,304)	4,103,993	4,068,046
	Total	4,103,993	4,200,350	0	(132,304)	0	0	0	(132,304)	4,103,993	4,068,046
64 State Patrol	Oper	38,152,179	40,265,730	0	(801,363)	0	0	0	(801,363)	38,152,179	39,464,367
	Total	38,152,179	40,265,730	0	(801,363)	0	0	0	(801,363)	38,152,179	39,464,367
65 Administrative Services	Oper	9,690,128	9,977,907	0	(220,372)	0	(297,413)	0	(517,785)	9,690,128	9,460,122
Technology Grants	Aid	0	0	0	0	0	0	0	0	0	0
	Total	9,690,128	9,977,907	0	(220,372)	0	(297,413)	0	(517,785)	9,690,128	9,460,122
67 Equal Opportunity	Oper	579,018	1,025,734	0	(32,392)	0	0	0	(32,392)	579,018	993,342

AGENCY / Aid Category	EXPE	After GOV REC - January 15		GOV REC - February 28		GOV REC - February 28		GOV REC - February 28		After GOV REC - February 28	
		FY2001-02	FY2002-03	FY2001-02	FY2002-03	FY2001-02	FY2002-03	FY2001-02	FY2002-03	FY2001-02	FY2002-03
		APPROP	APPROP	Across the Board	Across the Board	Specific	Specific	TOTAL	TOTAL	APPROP	APPROP
	Total	579,018	1,025,734	0	(32,392)	0	0	0	(32,392)	579,018	993,342
68 Mexican-American Comm	Oper	206,413	220,289	0	(6,609)	0	0	0	(6,609)	206,413	213,680
	Total	206,413	220,289	0	(6,609)	0	0	0	(6,609)	206,413	213,680
69 Arts Council	Oper	534,563	555,279	0	(17,535)	0	0	0	(17,535)	534,563	537,744
Aid to Arts	Aid	787,013	782,998	0	(24,092)	0	0	0	(24,092)	787,013	758,906
Aid to Humanities	Aid	118,980	117,741	0	(3,718)	0	0	0	(3,718)	118,980	114,023
	Total	1,440,556	1,456,018	0	(45,345)	0	0	0	(45,345)	1,440,556	1,410,673
70 Foster Care Review Bd.	Oper	1,165,061	1,199,435	0	(37,877)	0	0	0	(37,877)	1,165,061	1,161,558
	Total	1,165,061	1,199,435	0	(37,877)	0	0	0	(37,877)	1,165,061	1,161,558
72 Economic Development	Oper	3,682,730	3,744,115	0	(63,809)	0	0	0	(63,809)	3,682,730	3,680,306
Workforce Development	Aid	750,305	600,305	0	0	0	0	0	0	750,305	600,305
Venture Capital Forum	Aid	96,000	195,000	0	0	0	0	0	0	96,000	195,000
Microenterprise Loans	Aid	480,000	475,000	0	(15,000)	0	0	0	(15,000)	480,000	460,000
Develop. Analysis	Aid	120,000	118,750	0	0	0	0	0	0	120,000	118,750
	Total	5,129,035	5,133,170	0	(78,809)	0	0	0	(78,809)	5,129,035	5,054,361
76 Indian Commission	Oper	188,252	191,861	0	(6,059)	0	0	0	(6,059)	188,252	185,802
	Total	188,252	191,861	0	(6,059)	0	0	0	(6,059)	188,252	185,802
77 Industrial Relations	Oper	237,886	242,369	0	(7,654)	0	0	0	(7,654)	237,886	234,715
	Total	237,886	242,369	0	(7,654)	0	0	0	(7,654)	237,886	234,715
78 Crime Commission	Oper	2,540,868	2,819,389	0	(87,102)	0	(257,614)	0	(344,716)	2,540,868	2,474,673
Local Prosecution Aid	Aid	53,760	57,000	0	(1,800)	0	0	0	(1,800)	53,760	55,200
County Planning Grants	Aid	120,000	112,500	0	0	0	0	0	0	120,000	112,500
Crime Victims' Reparats	Aid	201,600	199,500	0	(6,300)	0	0	0	(6,300)	201,600	193,200
Crime Stoppers	Aid	14,184	14,036	0	(443)	0	0	0	(443)	14,184	13,593
Co. Law Enforcement Aid	Aid	23,040	22,800	0	(720)	0	0	0	(720)	23,040	22,080
Village Law Enforce. Aid	Aid	71,040	70,300	0	(2,220)	0	0	0	(2,220)	71,040	68,080
Victim/Witness Assist.	Aid	54,845	54,273	0	(1,714)	0	0	0	(1,714)	54,845	52,559
Juvenile Services Aid	Aid	600,000	593,750	0	0	0	(593,750)	0	(593,750)	600,000	0
	Total	3,679,337	3,943,548	0	(100,299)	0	(851,364)	0	(951,663)	3,679,337	2,991,885
81 Blind/Visually Imp Comm	Oper	380,636	399,864	0	(11,996)	0	0	0	(11,996)	380,636	387,868
Blind/Visually Imp Aid	Aid	156,646	167,005	0	0	0	0	0	0	156,646	167,005
	Total	537,282	566,869	0	(11,996)	0	0	0	(11,996)	537,282	554,873
82 Hearing Impaired	Oper	680,186	752,875	0	0	0	0	0	0	680,186	752,875

AGENCY / Aid Category	EXPE	After GOV REC - January 15		GOV REC - February 28		GOV REC - February 28		GOV REC - February 28		After GOV REC - February 28	
		FY2001-02 APPROP	FY2002-03 APPROP	FY2001-02 Across the Board	FY2002-03 Across the Board	FY2001-02 Specific	FY2002-03 Specific	FY2001-02 TOTAL	FY2002-03 TOTAL	FY2001-02 APPROP	FY2002-03 APPROP
	Total	680,186	752,875	0	0	0	0	0	0	680,186	752,875
83 Community Colleges	Oper	0	0	0	0	0	0	0	0	0	0
Community Colleges	Aid	65,487,424	66,006,738	0	0	(131,000)	0	(131,000)	0	65,356,424	66,006,738
	Total	65,487,424	66,006,738	0	0	(131,000)	0	(131,000)	0	65,356,424	66,006,738
84 Environmental Quality Superfund	Oper	6,495,780	7,045,106	0	(117,224)	0	0	0	(117,224)	6,495,780	6,927,882
	Aid	120,959	119,700	0	0	0	0	0	0	120,959	119,700
	Total	6,616,739	7,164,806	0	(117,224)	0	0	0	(117,224)	6,616,739	7,047,582
85 Retirement Board	Oper	0	0	0	0	0	0	0	0	0	0
Judges Retirement	Aid	72,244	72,244	0	0	0	0	0	0	72,244	72,244
Teachers Retirement	Aid	14,452,358	14,971,870	0	0	0	0	0	0	14,452,358	14,971,870
Patrol Retirement	Aid	348,028	345,100	0	0	0	0	0	0	348,028	345,100
	Total	14,872,630	15,389,214	0	0	0	0	0	0	14,872,630	15,389,214
87 Accountability/Disclosure	Oper	425,566	436,304	0	(13,778)	0	0	0	(13,778)	425,566	422,526
	Total	425,566	436,304	0	(13,778)	0	0	0	(13,778)	425,566	422,526
90 Railway Council	Oper	6,385	6,318	0	(200)	0	0	0	(200)	6,385	6,118
	Total	6,385	6,318	0	(200)	0	0	0	(200)	6,385	6,118
93 Tax Equal and Review	Oper	685,956	726,684	0	(22,948)	0	0	0	(22,948)	685,956	703,736
	Total	685,956	726,684	0	(22,948)	0	0	0	(22,948)	685,956	703,736
94 Public Advocacy Comm Indigent Defense	Oper	655,147	706,934	0	(22,324)	0	0	0	(22,324)	655,147	684,610
	Aid	424,800	902,500	0	(28,500)	0	0	0	(28,500)	424,800	874,000
	Total	1,079,947	1,609,434	0	(50,824)	0	0	0	(50,824)	1,079,947	1,558,610
95 Rural Development Comm Rural Development Grants	Oper	350,693	358,701	0	(11,327)	0	0	0	(11,327)	350,693	347,374
	Aid	0	0	0	0	0	0	0	0	0	0
	Total	350,693	358,701	0	(11,327)	0	0	0	(11,327)	350,693	347,374
96 Property Assessment	Oper	4,185,883	4,303,734	0	0	0	(900,000)	0	(900,000)	4,185,883	3,403,734
	Total	4,185,883	4,303,734	0	0	0	(900,000)	0	(900,000)	4,185,883	3,403,734
TOTAL OPERATIONS		971,280,957	1,039,180,201	0	(24,836,238)	0	(2,671,827)	0	(27,508,065)	971,280,957	1,011,672,136
TOTAL STATE AID		1,602,313,378	1,680,675,138	0	(2,659,359)	(6,614,200)	(18,542,383)	(6,614,200)	(21,201,742)	1,595,699,178	1,659,473,396
Subtotal		2,573,594,335	2,719,855,339	0	(27,495,597)	(6,614,200)	(21,214,210)	(6,614,200)	(48,709,807)	2,566,980,135	2,671,145,532
CAPITAL CONSTRUCTION		27,345,352	21,838,457	0	0	(1,600,000)	(1,500,000)	(1,600,000)	(1,500,000)	25,745,352	20,338,457
GRAND TOTAL		2,600,939,687	2,741,693,796	0	(27,495,597)	(8,214,200)	(22,714,210)	(8,214,200)	(50,209,807)	2,592,725,487	2,691,483,989