



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 are not sufficient to process expenditure transactions. The original balance in the Cash Reserve Fund was accumulated through the imposition of a nine-month 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 that actual General Fund revenues in excess of the certified forecast at the end of the fiscal year are to be transferred to the Cash Reserve Fund. The most recent such transfer occurred in July of 2006 when approximately \$259.9 million was moved from the General Fund to the Cash Reserve Fund. The estimated balance in the Cash Reserve Fund is the highest ever ending balance in this Fund. The Nebraska Economic Forecasting Advisory Board at its October 2006 meeting increased its net General Fund tax receipt forecast for FY 2006-07 by \$99.1 million. This amount is revenue in excess of the certified forecast for FY 2006-07 and is shown as transferred to the Cash Reserve Fund in July of FY 2007-08.

Transfers to/from the Cash Reserve Fund scheduled under current law include: \$1.8 million in FY 2006-07 to the Nebraska Capital Construction Fund. A "repayment" of prior transfers from the Cash Reserve Fund to the Nebraska Capital Construction Fund totaling \$ 7,753,263 will be made from the General Fund to the Cash Reserve Fund in fiscal year 2008. Transfers to the General Fund totaling \$138.6 million were adopted during the 2005 and 2006 legislative sessions for fiscal years 2007, 2008, and 2009.

The Governor is recommending Cash Reserve transfers to accomplish specific policy and operational objectives. These transfers include: 1) up to \$12.0 million to the State Employee Health Insurance Fund to be repaid in FY 2010-11 to temporarily aid financing requirements for state employee health insurance; 2) \$12.0 million to the Nebraska Capital Construction Fund in FY 2007-08 to acquire property within and immediately adjacent to the Capitol Environs; 3) \$5.0 million to the Nebraska Job Training Fund in both FY 2007-08 and FY 2008-09 to continue job training initiatives; and 4) \$75.0 million to the General Fund in FY 2007-08 to offset higher tax refunds in April 2008 due to the retroactive (for tax year 2007) nature of the Governor's recommended income tax reform.

The projected FY 2008-09 balance of \$403.0 million in the Cash Reserve Fund is greater than five percent of biennial tax receipts.

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Cash Reserve Fund Status	Current	Biennial Budget		Following Biennium	
	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11
Beginning Balance	273,616,789	504,087,790	451,015,023	391,024,518	391,024,518
Transfer Amounts Above Forecasts	259,929,524	99,105,000			
To/From General Fund per current law	(15,674,107)	(60,177,767)	(54,990,505)		
To NCCF for Eastern NE Vets Home per current law	(1,784,416)				
To NCCF for Capitol Environs Acquisition		(12,000,000)			
To Nebraska Job Training Fund		(5,000,000)	(5,000,000)		
To/From State Employees Insurance Fund	(12,000,000)				12,000,000
To General Fund (2007 Session)	_____	(75,000,000)	_____	_____	_____
Ending Balance	504,087,790	451,015,023	391,024,518	391,024,518	403,024,518