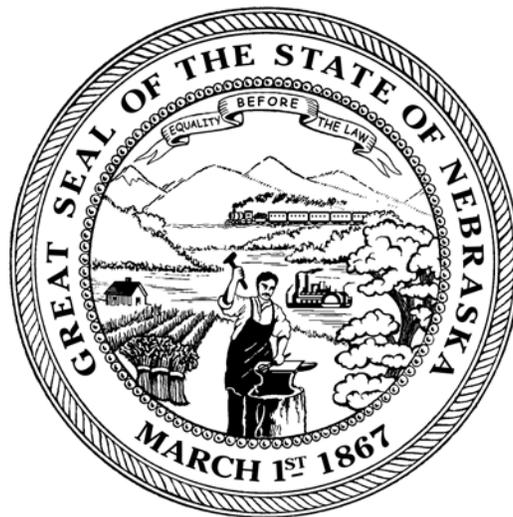

State of Nebraska

Executive Budget in Brief

2009-2011 Biennium



Dave Heineman

Governor

January 15, 2009

Executive Budget In Brief

2009 - 2011 Biennium

Presented by
Administrative Services -- Budget Division
Room 1320 State Capitol
Lincoln, Nebraska 68509
(402) 471-2526
www.budget.ne.gov

Presented January 15, 2009

A complete copy of State agencies, boards, and commissions' FY 2008-09 supplemental appropriation requests and 2009-2011 biennial budget requests are available on the State Budget Division website at www.budget.ne.gov.

This Executive Budget in Brief, 2009-2011 Biennium and Executive Budget, 2009-2011 Biennium are available on the State Budget Division website at www.budget.ne.gov. The Executive Budget, 2009-2011 Biennium provides a summary report at the agency and program level of agency vision, mission, goals, historical appropriation/spending, and requested amounts for the 2009-2011 biennium. This publication also includes the Governor's appropriation recommendation for each program for the 2009-2011 biennium.

Additional summary tables regarding the current and recommended appropriations for State agencies, boards and commissions are also available at www.budget.ne.gov .



Dave Heineman
Governor

STATE OF NEBRASKA

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January 15, 2009

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

Dear Mr. President and Members of the Legislature:

Today, I present my budget recommendations for your consideration for the 2009-2011 biennium. Economists and government officials advise us that the national economy has been in recession for thirteen months. This national recession, to date, has had a more immediate and significant effect in other states throughout our country. Approximately 22 state governments have already reduced their current FY 2008-09 appropriations and 28 state governments reportedly have a budget gap for FY 2009-10 that must be resolved by their legislatures prior to enactment of the next budget. Conservative tax receipt forecasts, disciplined spending, and a healthy cash reserve have Nebraska state government better prepared to address the effects of this economic slowdown on our state. Nonetheless, our work over the next several months enacting the state budget for the 2009-2011 budget biennium will present many challenges and require difficult decisions. The budget hallmark for most state governments, and surely for Nebraska, is a budget that is balanced.

The Nebraska Economic Forecasting Advisory Board established its initial General Fund tax receipt forecasts for the 2009-2011 budget biennium at its October 2008 meeting. The tax receipt forecasts of \$3.6 billion for FY 2009-10 and \$3.7 billion for FY 2010-11, representing 1.4% and 3.9% growth, respectively, were developed prior to the availability of much of the current information and analysis regarding the national recession and its present and anticipated effects on Nebraska and upon our tax receipts. The Forecasting Advisory Board will meet in February and again in April to provide updated tax receipt forecasts for the current and next two fiscal years prior to your enactment of the 2009-2011 biennial budget. My budget recommendations anticipate a downward revision of the October 2008 tax receipt forecasts for the 2009-2011 biennium by \$99.0 million. It is imperative that my recommendations and your decisions continue to exhibit a fiscally conservative, disciplined, and cautious approach during these difficult economic times.

My budget recommendations continue the state property tax relief program begun in 2007 by transferring available revenue to the Property Tax Credit Cash Fund for distribution in both 2010 and 2011 as credits against local property tax statements thereby reducing the tax amount owed by property taxpayers to their local units of government. The failure to fund this program would be a property tax increase on homeowners in Nebraska. I am recommending no tax increases.

Mr. President, Mr. Speaker,
and Members of the Legislature
January 15, 2009
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During difficult economic times, I continue to place a high priority on the financing of K-12 state aid to public schools. My budget recommendations for TEEOSA K-12 school aid include an additional \$35 million, a 4.3% increase for FY 2009-10, and an additional \$65 million, a 7.9% increase for FY 2010-11, above the current FY 2008-09 funding level. In addition, I am recommending an additional \$5.5 million, a 3.0% increase for FY 2009-10, and an additional \$11.3 million, a 6.1% increase for FY 2010-11, above the current FY 2008-09 funding level for state aid to special education.

Nebraska's Cash Reserve Fund is currently estimated to have an ending balance of \$593 million. My recommendation is to transfer \$80.0 million from the Cash Reserve Fund to the General Fund during the 2009-2011 budget biennium. This modest transfer from the Cash Reserve Fund to the General Fund allows TEEOSA school aid financing to be a priority during difficult economic times and allows for the State General Fund budget to be sustained at a growth rate of 1.8 percent.

An additional amount of \$200 million in the Cash Reserve Fund should be designated for contingent budget liabilities including water-related litigation, public retirement plan investment losses, possible loss of federal funding for the Beatrice State Developmental Center, and other budget uncertainties that may need to be addressed during the 2009-2011 or subsequent biennium. After such designation, the remaining balance in the Cash Reserve Fund would be \$302.5 million at the end of FY 2012-13.

My budget recommendations include a proposal to remove the variability and uncertainty about Nebraska's actual gas tax by amending state law to set it at a fixed rate equal to 26 cents per gallon—the current rate. Nebraskans will no longer need to experience a state gas tax that changes every six months and that increases without a direct vote on the gas tax by its elected State Senators. I also propose to transfer over \$7.0 million General Funds each year to the Department of Roads for purposes of financing motor carrier enforcement from general tax revenues, thereby freeing State gas tax revenues for the State Highway Construction Program. In addition, the Department of Roads has undertaken several internal cost efficiencies and reallocated resources to place first priority on road construction. My recommendations provide for a State Highway Construction Program of \$375 million for FY 2009-10 and \$370 million for FY 2010-11.

I urge you to continue to use a conservative fiscal approach as you develop the state budget plan for the 2009-2011 biennium that exercises caution regarding estimated tax receipts, restricts spending with a priority for funding K-12 education, and preserves the Cash Reserve Fund for the uncertainty and difficulty of our current and future challenges. Thank you.

Sincerely,

Dave Heineman
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 the Governor's 2009-2011 budget recommendations. 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 net General Fund tax receipts for the current fiscal year and the next biennium that were adopted by the Economic Forecasting Advisory Board at its meeting in October 2008. The net receipts projected for the following biennium were presented to the Tax Rate Review Committee in November of 2008 by the Legislative Fiscal Office. The Governor's recommendations anticipate possible additional downward revisions of \$99.0 million to the 2009-2011 biennium tax receipt forecasts and the following biennium as shown in this Status.

Certain transfers to the General Fund are proposed in both FY 2009-10 and FY 2010-11: Tobacco Products Administration Cash Fund - \$7.0 million; Securities Act Cash Fund - \$20.0 million; Insurance Cash Fund - \$6.0 million; and Charitable Gaming Operations Cash Fund - \$250,000. The Governor also recommends transfers totaling \$80.0 million from the Cash Reserve Fund to the General Fund for the 2009-2011 budget biennium.

Current law provides for transfers from the General Fund in both FY 2009-10 and FY 2010-11: Ethanol Production Incentive Cash (EPIC) Fund - \$2.5 million and Water Resources Cash Fund - \$2.7 million.

The Governor also recommends transfers from the General Fund in both FY 2009-10 and FY 2010-11: Property Tax Credit Cash Fund - \$112.0 million; Ethanol Production Incentive Cash Fund - \$8.25 million; and Roads Operation Cash Fund - \$7.1 and \$7.2 million respectively.

The appropriations shown for the current fiscal year 2008-09 are those adopted during the 2007 regular session and further amended during the 2008 regular session of the 100th Legislature. The Status also reflects a recommended reduction in FY 2008-09 appropriations of \$65.9 million and an \$87,387 allocation for the 2009 claims bill for consideration during this 2009 session of the 101st Legislature. The Governor's budget recommendations for FY 2009-10 and FY 2010-11 of the next biennium are also shown. The Governor's recommendations provide for a two year average General Fund increase of 1.8%. The General Fund balance for the next biennium exceeds the minimum reserve requirement by \$4.6 million.

The planning estimates for the following biennium 2011-2013 set future allowable spending growth at no greater than 5.5% (historical receipt growth) and leave a General Fund balance in excess of the minimum reserve requirement by \$142.0 million. The Governor's recommendations designate \$200.0 million of the Cash Reserve Fund for contingent budget liabilities and provide a Cash Reserve Fund balance of \$302.5 million at the end of FY 2012-13.

General Fund Financial Status

General Fund Financial Status	Current FY2008-09	Next Biennium FY2009-10 FY2010-11		Following Biennium FY2011-12 FY2012-13	
<u>Beginning Balance</u>					
Beginning Cash Balance	\$584,106,356	\$288,839,623	\$227,768,225	\$219,051,301	\$251,978,109
Cash Reserve Fund transfer-Automatic	(116,976,571)	(14,254,000)			
Carryover obligations from FY2007-08	(243,194,320)				
Allocation for potential deficits	_____	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
Unobligated Beginning Balance	223,935,465	269,585,623	222,768,225	214,051,301	246,978,109
<u>Receipts</u>					
Net Receipts (Certified; NEFAB; LFO Hist. Avg. Following)	3,546,000,000	3,595,000,000	3,712,000,000	4,020,000,000	4,323,000,000
Possible Additional Forecast Revisions		(49,000,000)	(50,000,000)	(50,000,000)	(50,000,000)
General Fund transfers - out	(120,200,000)	(132,550,000)	(132,650,000)	(127,400,000)	(124,900,000)
General Fund transfers - in	In Receipts	33,250,000	33,250,000		
Cash Reserve Fund transfers - legislative	54,990,505	40,000,000	40,000,000		
Agency Legislation		160,680	160,680	160,680	160,680
General Fund Net Revenues	3,480,790,505	3,486,860,680	3,602,760,680	3,842,760,680	4,148,260,680
<u>Appropriations</u>					
Appropriations per 2008 Session	3,481,591,981	3,481,591,981	3,481,591,981	3,481,591,981	3,481,591,981
Special Session Appropriation	68,761				
Budget Recommendations		47,621,425	125,421,701	323,778,719	533,044,582
Agency Legislation		(535,328)	(536,078)	(536,828)	(536,828)
Deficit Recommendations	(65,861,782)				
Claims Bill	87,387				
General Fund Appropriations	3,415,886,347	3,528,678,078	3,606,477,604	3,804,833,872	4,014,099,735
<u>Ending Balance</u>					
Dollar ending balance	288,839,623	227,768,225	219,051,301	251,978,109	381,139,054
Minimum Biennial Reserve Requirement	209,743,450	--	214,491,466	--	239,128,330
Variance from Minimum Reserve	79,096,173	--	4,559,835	--	142,010,724
Biennial Reserve (%)	4.3%	--	3.1%	--	4.9%
Annual % Change - Appropriations (excl. deficits)	2.9%	1.4%	2.2%	5.5%	5.5%
Two Year Average	3.6%	--	1.8%	--	5.5%
Annual % Change - Net Receipts (Nominal)	1.1%	0.0%	3.3%	8.4%	7.6%
Two Year Average	2.1%	--	1.6%	--	8.0%
Structural Balance/(Imbalance) - Receipts v. Approps.	9,913,653	(81,817,398)	(43,716,924)	37,926,808	134,160,945



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. There have been several instances in which money was moved to and from the Cash Reserve Fund to accomplish policy initiatives. 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 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 2008 meeting increased its net General Fund tax receipt forecast for FY 2008-09 by \$14.3 million. This amount is revenue in excess of the certified forecast for FY 2008-09 and is shown as transferred to the Cash Reserve Fund in July of FY 2009-10.

Transfers to/from the Cash Reserve Fund scheduled under current law during FY 2008-09 include: \$55.0 million to the General Fund; \$9.6 million to the Nebraska Capital Construction Fund; up to \$12.0 million to the State Employee Health Insurance Fund to be repaid in FY 2010-11; \$5.0 million to the Nebraska Job Training Fund; \$1.0 million to the Microenterprise Development Cash Fund; \$250,000 to the Building Entrepreneurial Communities Cash Fund; \$1.0 million to the Cultural Preservation Endowment; and, \$5.0 million to the State Fair Relocation Cash Fund.

Transfers to/from the Cash Reserve Fund scheduled under current law during the 2009-2011 and 2011-2013 budget bienniums include: three \$5.0 million transfers to the Roads Operations Cash Fund; repayment to the Cash Reserve Fund of \$8.6 million provided to Natural Resource Districts; and, repayment of any amounts up to \$12.0 million that may be provided to the State Employee Health Insurance Fund.

The Governor recommends that \$10.0 million be transferred from the Cash Reserve Fund to the Governor's Emergency Fund during FY 2008-09 to more appropriately capitalize this fund so that the State of Nebraska is better prepared to respond and address the effects of disasters and other emergencies as provided for in Section 81-829.42 R.R.S.2008. The size and frequency of disasters and other emergencies occurring in other states and in Nebraska, underscore the need for additional funding for Nebraska state government to address possible future events.

The Governor recommends that \$1.0 million be transferred during FY 2009-10 from the Cash Reserve Fund to the Department of Economic Development Visitor's Promotion Cash Fund to be used for promotion and support of the United States Special Olympics 2010 USA National Games to be held in Nebraska.

The Governor recommends that \$80.0 million be transferred from the Cash Reserve Fund to the General Fund (\$40.0 million in FY 2009-10 and \$40.0 million in FY 2010-11) during the 2009-2011 budget biennium. The Governor's budget recommendations anticipate a possible downward revision in the tax receipt forecasts for the 2009-2011 budget biennium. This modest transfer from the Cash Reserve Fund to the General Fund allows TEEOSA school aid financing to be a priority during difficult economic times and allows for the State budget to be sustained at a growth rate of 1.8 percent.

The Governor further recommends that \$200.0 million be designated in the Cash Reserve Fund for contingent budget liabilities such as: water-related litigation, public retirement plan investment losses, possible loss of federal funding for the Beatrice State Developmental Center, and other budget uncertainties that may need to be addressed during the next biennium. After such designation, the remaining balance in the Cash Reserve Fund is estimated at \$302.5 million at the end of FY 2012-13.

Cash Reserve Fund Status

	Current	Next Biennium		Following Biennium	
	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13
Beginning Balance	545,545,797	563,691,863	331,945,863	307,496,863	302,496,863
Transfer Amounts Above Forecasts	116,976,571	14,254,000			
To/From General Fund	(54,990,505)	(40,000,000)	(40,000,000)		
To Nebraska Capital Construction Fund	(9,590,000)				
To Nebraska Job Training Fund	(5,000,000)				
To Microenterprise Development Program	(1,000,000)				
To Building Entrepreneurial Communities Act	(250,000)				
To/From State Employees Insurance Fund	(12,000,000)		12,000,000		
To Cultural Endowment Fund	(1,000,000)				
To State Fair relocation	(5,000,000)				
From Water Contingency Cash Fund			8,551,000		
To Roads Operations Cash Fund		(5,000,000)	(5,000,000)	(5,000,000)	
2009 Session - Transfer to Governor's Emergency Fund	(10,000,000)				
2009 Session - Transfer to Visitors Promotion Cash, Special Olympics		(1,000,000)			
2009 Session - Contingent Budget Liabilities		(200,000,000)			
Ending Balance	563,691,863	331,945,863	307,496,863	302,496,863	302,496,863

**Fund Transfers
General Fund Only**

General Fund Transfers Out

Description	FY2009-10	FY2010-11	FY2011-12	FY2012-13
Transfer to Property Tax Credit Cash Fund	(112,000,000)	(112,000,000)	(115,000,000)	(115,000,000)
Transfer to Roads Operation Cash Fund for Carrier Enforcement	(7,100,000)	(7,200,000)	(7,200,000)	(7,200,000)
Transfer to Water Resources Cash Fund	(2,700,000)	(2,700,000)	(2,700,000)	(2,700,000)
Transfer to Ethanol Production Incentive Cash Fund	(2,500,000)	(2,500,000)	(2,500,000)	0
Additional transfer to Ethanol Production Incentive Cash Fund	(8,250,000)	(8,250,000)	0	0
Total	(132,550,000)	(132,650,000)	(127,400,000)	(124,900,000)

General Fund Transfers In

Description	FY2009-10	FY2010-11	FY2011-12	FY2012-13
Transfer from Tobacco Products Administration Cash to General Fund	7,000,000	7,000,000	0	0
Transfer from Charitable Gaming Operations Fund to General Fund	250,000	250,000	0	0
Transfer from Securities Act Cash Fund to General Fund	20,000,000	20,000,000	0	0
Transfer from Insurance Cash Fund to General Fund	6,000,000	6,000,000	0	0
Total	33,250,000	33,250,000	0	0

Cash Reserve Fund Transfers to General Fund

Description	FY2009-10	FY2010-11	FY2011-12	FY2012-13
Transfer from Cash Reserve Fund to General Fund	40,000,000	40,000,000	0	0

**Legislation With General Fund Impact
General Fund Only**

LB#	Oneliner Description	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
Appropriations					
LB#_____	Extend the Termination Date on the Farm Mediation Act	In Mainline	In Mainline	In Mainline	In Mainline
LB#_____	Child Support Enforcement Program Improvement	(541,328)	(541,328)	(541,328)	(541,328)
LB#_____	HHS Guardianship subsidy to adoption subsidy	6,000	5,250	4,500	4,500
LB#_____	HHS Childcare Market Rate Survey	In Mainline	In Mainline	In Mainline	In Mainline
LB#_____	Eliminate the Veterans Cemetery Advisory Board	In Mainline	In Mainline	In Mainline	In Mainline
LB#_____	LB1100 Depreciation Assessment deferral	In Mainline	In Mainline	In Mainline	In Mainline
	Appropriations Total	(535,328)	(536,078)	(536,828)	(536,828)

Revenue

LB#_____	Child Support Enforcement Program Improvement	160,680	160,680	160,680	160,680
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**Budget Adjustments: Agency Operations
General Fund Only**

Ag#	Agency	FY 2009-10 over	FY 2010-11 over	FY 2010-11 over
		FY 2008-09	FY 2009-10	FY 2008-09
046	Correctional Services	7,923,510	5,306,143	13,229,653
051	University System	4,921,060	4,970,271	9,891,331
025	Health and Human Services	6,074,714	3,302,643	9,377,357
064	State Patrol	1,842,908	1,461,777	3,304,685
050	State Colleges	453,932	458,471	912,403
005	Supreme Court	478,118	369,372	847,490
028	Veterans Affairs	153,816	11,376	165,192
078	Crime Commission	192,135	(45,319)	146,816
021	Fire Marshal	124,055	14,121	138,176
011	Attorney General	1,124,336	(994,071)	130,265
007	Governor	1,321	79,882	81,203
031	Military	69,832	9,117	78,949
033	Game and Parks Commission	56,925	10,928	67,853
072	Economic Development	3,746	39,779	43,525
013	Education	17,634	17,811	35,445
015	Parole Board	8,102	10,900	19,002
093	Tax Equalization and Review Comm.	(16,538)	22,458	5,920
008	Lt. Governor	1,586	1,929	3,515
010	State Auditor	1,452	1,759	3,211
087	Accountability and Disclosure Comm.	(73,480)	76,559	3,079
003	Legislature	0	0	0
027	Roads	0	0	0
029	Natural Resources	0	0	0
034	Library Commission	0	0	0
048	Postsecondary Education Coord. Comm.	0	0	0
054	Historical Society	0	0	0
067	Equal Opportunity Comm.	0	0	0
068	Mexican American Comm.	(3,882)	3,882	0
069	Arts Council	0	0	0
070	Foster Care Review Board	0	0	0
076	Indian Affairs Comm.	0	0	0
077	Industrial Relations Comm.	0	0	0
081	Blind and Visually Impaired Comm.	0	0	0
082	Deaf and Hard Of Hearing Comm.	0	0	0
035	Liquor Control	(2,460)	(159)	(2,619)
084	Environmental Quality	(30,945)	11,880	(19,065)
012	State Treasurer	(53,114)	33,476	(19,638)
023	Labor	(41,391)	17,377	(24,014)
014	Public Service Comm.	(21,954)	(10,038)	(31,992)
009	Secretary Of State	(36,506)	1,315	(35,191)
032	Educational Lands and Funds	(70,392)	11,327	(59,065)
016	Revenue	(264,961)	200,479	(64,482)
018	Agriculture	(69,120)	2,924	(66,196)
047	Educational Telecommunications	(286,430)	17,090	(269,340)
065	Administrative Services	(490,858)	1,268	(489,590)
Total Operations Changes		21,987,151	15,416,727	37,403,878

**Budget Adjustments: Aid to Governments, Individuals, and Other
General Fund Only**

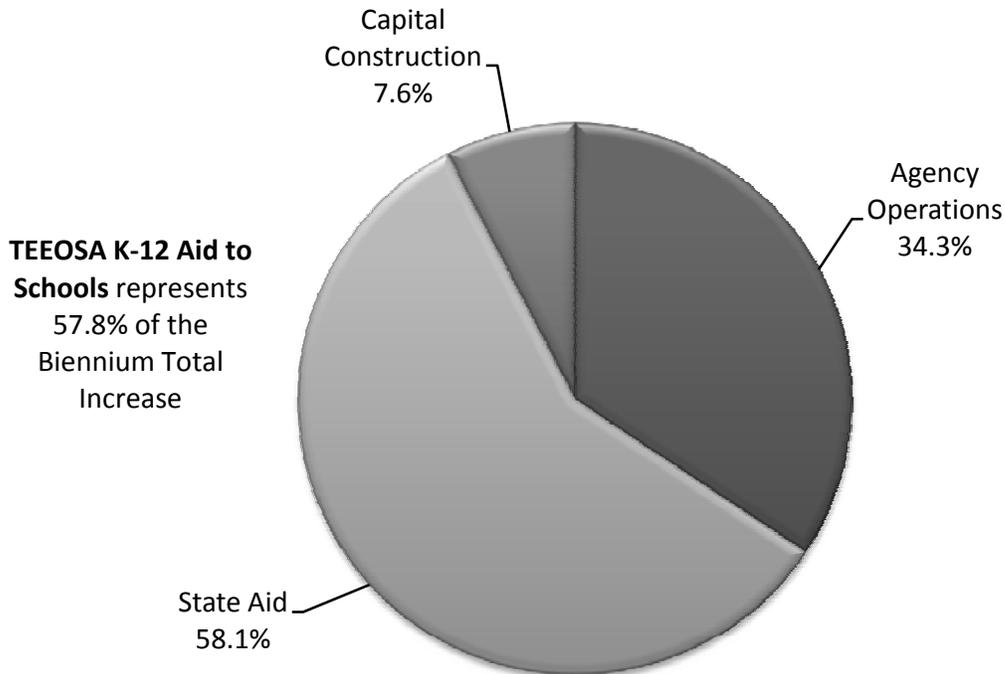
Aid Category	FY 2009-10 over FY 2008-09	FY 2010-11 over FY 2009-10	FY 2010-11 over FY 2008-09
State Aid to Local Governments			
TEEOSA State Aid	35,000,000	30,000,000	65,000,000
Special Education	5,546,815	5,713,220	11,260,035
Aid To Community Colleges	872,665	881,391	1,754,056
Teachers Retirement	455,208	479,792	935,000
Learning Community Transition	500,000	0	500,000
State Ward Education	171,948	173,667	345,615
School Breakfast	113,268	44,309	157,577
Storm Water Mgmt. Grants	9,339	(160)	9,179
Riparian Vegetation Mgmt. Grants	(2,000,000)	0	(2,000,000)
Homestead Exemption	(13,870,104)	2,750,000	(11,120,104)
Local Government Aid Total	26,799,139	40,042,219	66,841,358
State Aid to Individuals			
Public Assistance	(514,131)	6,371,050	5,856,919
Medicaid	(11,008,667)	12,685,115	1,676,448
Veterinary Incentive	60,000	60,000	120,000
Health Aid	41,248	41,670	82,918
Public Health Aid	35,250	35,603	70,853
Textbook Loans	50,000	0	50,000
Children's Health Insurance	(3,580,037)	165,129	(3,414,908)
Aid to Individuals Total	(14,916,337)	19,358,567	4,442,230
State Aid to Other			
Behavioral Health Aid	4,192,730	699,657	4,892,387
Developmental Disabilities Aid	2,339,158	2,543,637	4,882,795
Governor's Emergency Fund	500,834	0	500,834
Aid to Aging	77,171	77,945	155,116
Patrol Retirement	86,449	0	86,449
Juvenile Services Aid	(2,181)	(2,076)	(4,257)
Superfund	(211,600)	18,600	(193,000)
Other State Aid Total	6,982,561	3,337,763	10,320,324
Total Aid Changes	18,865,363	62,738,549	81,603,912

Budget Adjustments: Major Categories General Fund Only

Type	FY 2009-10 over		FY 2010-11 over		FY 2010-11 over		% of Biennium Total Increase
	FY 2008-09	% Chg.	FY 2009-10	% Chg.	FY 2008-09		
Agency Operations	21,987,151	1.8%	15,416,727	1.3%	37,403,878		34.3%
State Aid	18,865,363	0.8%	62,738,549	2.7%	81,603,912		58.1%
State Aid to Local Governments	26,799,139	2.1%	40,042,219	3.1%	66,841,358		54.1%
State Aid to Individuals	(14,916,337)	-1.8%	19,358,567	2.3%	4,442,230		--
State Aid to Other	6,982,561	4.3%	3,337,763	2.0%	10,320,324		10.0%
Capital Construction	6,768,911	82.2%	(355,000)	-2.4%	6,413,911		7.6%
Grand Total	47,621,425	1.4%	77,800,276	2.2%	125,421,701		100.0%

Note: Biennium change in State Aid to Individuals does not increase.

% of Biennium Total Increase



General Fund Budget: Major Categories

Major Categories	FY 2008-09 Current	FY 2009-10 Recommendation	FY 2010-11 Recommendation
Agency Operations	1,195,509,408	1,217,496,559	1,232,913,286
State Aid to Local Governments	1,266,653,462	1,293,452,601	1,333,494,820
State Aid to Individuals	848,326,172	833,409,835	852,768,402
State Aid to Other	162,864,617	169,847,178	173,184,941
Capital Construction	8,238,322	15,007,233	14,652,233
Total Appropriation	3,481,591,981	3,529,213,406	3,607,013,682

Dollar Increase over FY 2008-09	FY 2009-10 Recommendation	FY 2010-11 Recommendation
Agency Operations	21,987,151	37,403,878
State Aid to Local Governments	26,799,139	66,841,358
State Aid to Individuals	(14,916,337)	4,442,230
State Aid to Other	6,982,561	10,320,324
Capital Construction	6,768,911	6,413,911
Total Dollar Increase	47,621,425	125,421,701

Annual Percent Change	FY 2009-10 Recommendation	FY 2010-11 Recommendation
Agency Operations	1.8%	1.3%
State Aid to Local Governments	2.1%	3.1%
State Aid to Individuals	-1.8%	2.3%
State Aid to Other	4.3%	2.0%
Capital Construction	82.2%	-2.4%
Total Percent Change	1.4%	2.2%

% of Total Appropriation	FY 2008-09 Current	FY 2009-10 Recommendation	FY 2010-11 Recommendation
Agency Operations	34.3%	34.5%	34.2%
State Aid to Local Governments	36.4%	36.6%	37.0%
State Aid to Individuals	24.4%	23.6%	23.6%
State Aid to Other	4.7%	4.8%	4.8%
Capital Construction	0.2%	0.4%	0.4%
Total	100.0%	100.0%	100.0%

Summary of Governor's Recommendations



Summary of Governor's Recommendations

Introduction

The Governor's budget recommendations to the 101st Legislature call for caution regarding estimated tax receipts, restrict spending growth with priority for funding K-12 public schools, and preserve the Cash Reserve Fund for the uncertainty and difficulty of current and future budget challenges.

Caution Regarding Estimated Tax Receipts

The Nebraska Economic Forecasting Advisory Board established its initial General Fund tax receipt forecasts for the 2009-2011 budget biennium at its October 2008 meeting. The tax receipt forecasts of \$3.6 billion for FY 2009-10 and \$3.7 billion for FY 2010-11, representing 1.4% and 3.9% growth, respectively, were developed prior to the availability of much of the current information and analysis regarding the national recession and its present and anticipated effects on Nebraska and upon our tax receipts. The Forecasting Advisory Board will meet in February and again in April to provide updated tax receipt forecasts for the current and next two fiscal years prior to the Legislature's enactment of the 2009-2011 biennial budget.

Economists and government officials advise us that the national economy has been in recession for thirteen months. Conservative tax receipt forecasts, disciplined spending, and a healthy cash reserve has Nebraska state government better prepared to address the effects of this recession on our State than is the case for many other state governments.

The Governor's budget recommendations anticipate a downward revision of the October 2008 tax receipt forecasts for the 2009-2011 biennium by \$99.0 million. The Governor's recommendations are premised upon no growth, or flat tax receipt growth for FY 2009-10 and 3.3% growth in FY 2010-11, for a two-year average of 1.6 % growth in tax receipts. It is important to exhibit a fiscally conservative, disciplined, and cautious approach during these difficult economic times.

Restrict Spending Growth with Priority for Funding K-12 Public Schools

The Governor's overall budget recommendations provide for a \$47.6 million, or 1.4%, increase in General Fund appropriations for FY 2009-10, and an additional increase of \$77.8 million, or 2.2%, for FY 2010-11, a two-year average of 1.8% for the 2009-2011 biennium.

Many state agencies, boards, and commissions are recommended no increase in appropriations above their current FY 2008-09 level of funding. Some are recommended for appropriations less than their current FY 2008-09 level of funding. Others are provided minimal increases. The necessity to address the increased cost of salary contracts, the increased cost of the employer share of state employee health insurance, or any other increased operational cost will require many State agencies, boards, and commissions to identify cost reduction measures, including reduction of services by leaving vacated employee positions unfilled or further reducing the workforce. Restrictions in budget growth are recommended for State agencies, boards, and commissions regardless of the tax or fee source that finances their budget.

The Governor has already encouraged all State agencies, boards, and commissions to restrain spending and conserve their budget resources during the current 2008-09 fiscal year. The Governor is recommending that the Legislature permit State agencies, boards, and commissions to carry over unspent FY 2008-09 appropriations into the 2009-2011 biennium to aid their transition to zero or minimal growth appropriations for their operations in that biennium. This will ease the service reductions necessary to finance unavoidable costs in the new budget.

A modest increase of 1% each year in funding is provided for the many private providers serving Nebraskans through our health and human service programs except that 2.5% in additional funding is included each year for programs serving persons with developmental disabilities.

The Governor's recommendations include an increase of 1% each year for the University, State College, and community college systems.

No funding is provided for significant new capital construction projects during the 2009-2011 biennium.

The Governor recommends an increase for TEEOSA state aid for K-12 public schools of \$35.0 million, or 4.3% in FY 2009-10, and an increase of \$65.0 million, or 7.9%, in FY 2010-11, above the current FY 2008-09 funding level. The recommendation for special education aid is an increase of \$5.5 million, or 3.0%, for FY 2009-10, and \$11.3 million, or 6.1%, for FY 2010-11, above the current FY 2008-09 funding level.

Preserve the Cash Reserve Fund

Nebraska's Cash Reserve Fund is currently estimated to have an ending balance of \$593 million. The Governor recommends the transfer of \$80.0 million from the Cash Reserve Fund to the General Fund during the 2009-2011 budget biennium. This modest transfer from the Cash Reserve Fund to the General Fund allows TEEOSA school aid financing to be a priority during difficult economic times and allows for the State General Fund budget to be sustained at a growth rate of 1.8 percent.

The Governor recommends that \$10.0 million be transferred from the Cash Reserve Fund to the Governor's Emergency Fund during FY 2008-09 to more appropriately capitalize this fund so that the State of Nebraska is better prepared to respond and address the effects of natural disasters and other emergencies. The size and frequency of disasters and other emergencies occurring in other states and in Nebraska, underscore the need for additional funding for Nebraska state government to address possible future events.

An additional amount of \$200 million in the Cash Reserve Fund should be designated for contingent budget liabilities including: water-related litigation, public retirement plan investment losses, possible federal funding loss at the Beatrice State Developmental Center, and other budget uncertainties that may need to be addressed during the 2009-2011 or subsequent biennium. After such designation, the remaining ending balance in the Cash Reserve Fund is \$302.5 million at the end of FY 2012-13.

The Governor's recommendations for the 2009-2011 biennium are further explained in the following narrative and summarized in the financial statements and tables presented elsewhere in this publication.

General Government

03 - Legislative Council

The recommendation for the Legislative Council is the same as the FY 2008-09 appropriation.

07 - Governor

The recommendation for the Governor's Office includes an increase of \$1,446 General Funds in FY 2009-10 and \$3,205 General Funds in FY 2010-11 due to an increase for health insurance costs for the Governor; and \$78,000 General Fund increase for FY 2010-11 for Governor-elect transition expense.

Policy Research Office - The recommendation for the Policy Research Office is the same as the FY 2008-09 appropriation.

08 - Lieutenant Governor

The recommendation for the Lieutenant Governor includes an increase of \$1,586 General Funds in FY 2009-10 and \$3,515 General Funds in FY 2010-11 due to an increase for health insurance costs for the Lieutenant Governor.

09 - Secretary of State

The recommendation for the Secretary of State includes an increase of \$1,081 General Funds in FY 2009-10 and \$2,396 General Funds in FY 2010-11 due to an increase for health insurance costs for the Secretary of State.

Enforcement of Standards – Records Management - The recommendation includes the agency's request for a change of funding allocation of personal services and benefits for Assistant Director of Records Management resulting in a decrease of \$37,587 General Funds and an increase of \$22,552 cash funds and \$15,035 revolving funds, a net total fund fiscal impact of zero for both FY 2009-10 and FY 2010-11.

10 - Auditor of Public Accounts

The recommendation for the Auditor of Public Accounts includes an increase of \$1,446 General Funds in FY 2009-10 and \$3,205 General Funds in FY 2010-11 due to an increase for health insurance costs for the Auditor of Public Accounts.

Cooperative Audits - The recommendation is to grant the cash funds reduction of \$98,300 as requested by the agency in FY 2009-10 and FY 2010-11 for two unused positions.

87 - Accountability and Disclosure Commission

The recommendation for the Accountability and Disclosure Commission includes a \$75,000 change of funding sources between General Funds and cash funds for FY 2009-10.

The cash funds are decreased by \$28,284 in FY 2009-10 and increased by \$78,116 in FY 2010-11 for the Campaign Finance Limitation Cash Fund.

Agriculture, Environment and Natural Resources

18 - Department of Agriculture

Veterinary Incentive - Laws 2008, LB 1172, is annualized in the cash amounts of \$61,200 in FY 2009-10 and \$121,200 in FY 2010-11 to fund the Food Supply Animal Veterinary Incentive Program Act. Selected veterinarians are eligible to receive up to eighty thousand dollars under the program as outlined in the bill and shall contract to provide veterinary services in a rural mixed animal veterinary practice for four years in one or more communities approved by the Department of Agriculture.

Riparian Vegetation - The \$2,080,832 one-time General Fund appropriation earmarked in Laws 2007, LB 701 is not continued per legislative intent to sunset this law on June 30, 2009.

29 - Department of Natural Resources

The recommendation includes a reduction of \$200,000 in federal funds for FY 2009-10 and FY 2010-11. General Funds and cash funds are recommended to be the same as FY 2008-09.

33 - Nebraska Game and Parks

Nebraska Environmental Trust

Program - The recommendation includes an increase of \$3,500,000 cash funds for both FY 2009-10 and FY 2010-11 in the Environmental Trust Program to match future grant obligations. There are \$12,500 cash funds in each of FY 2009-10 and FY 2010-11 to accommodate the Trust's request for miscellaneous expenses (advertising, supplies, minor repairs) related to the management of the Ferguson House.

Wildlife Conservation - The recommendation for the program is consistent with the Commission's request. The Commission requested a reduction of cash funds to a level that will more closely support the Game Cash Fund's ability to support the program. The recommendation is a net cash fund reduction of \$2,714,391 in FY 2009-10 and \$2,663,404 in FY 2010-11.

Administration - The recommendation for the program is consistent with the Commission's request. The Commission requested a reduction of cash funds to a level that will more closely support the Commission's funds' ability to support the program. The recommendation is a net reduction of \$280,118 cash funds in both FY 2009-10 and FY 2010-11.

Administration and Operations of

Parks - The recommendation for the program is consistent with the Commission's request. The Commission requested funding to reflect the transfer of the personnel and operations of recreation areas and other unmanned areas of the state from Program 617, Engineering, Area Maintenance & Snowmobile. The recommendation includes a reduction of cash funds to a level that will more closely support the Park Cash Fund's ability to fund the program, netting an increased funding change of \$599,863 in General Funds and \$249,583 cash funds in both FY 2009-10 and FY 2010-11.

Engineering, Area Maintenance & Snowmobile - The recommendation for the program is consistent with the Commission's request. The Commission requested a net reduction of \$575,516 General Funds and \$2,567,373 cash funds in FY 2009-10 and a net reduction of \$582,016 General Funds and \$2,548,094 cash funds in FY 2010-11 to reflect the restructuring of the program with the transfer

of necessary funding authority to operate recreation areas and other unmanned areas of the state park system to Program 549 Parks Administration and Operations, and Program 550 Planning and Trail Coordination.

Credit Card Discount Sales - The recommendation includes an additional \$31,500 cash funds for FY 2009-10 and \$65,205 cash funds in FY 2010-11 for merchant fees associated with credit card sales.

Nebraska Public Safety Communication System - The recommendation includes funding of \$67,533 General Funds and \$137,733 cash funds in FY 2009-10 and \$84,583 General Funds and \$172,508 cash funds in FY 2010-11 to pay agency operations costs related to the Nebraska Public Safety Communication System.

39 - Nebraska Brand Committee

The recommendation for the Nebraska Brand Committee is the same as the FY 2008-09 appropriation.

52 - Nebraska State Board of Agriculture

State Fair Board - The recommendation for the State Fair Board is consistent with their request. Lottery proceeds are appropriated at a \$2,500,000 level for both FY 2009-10 and FY 2010-11 mirroring the FY 2008-09 appropriation. The \$5,000,000 one-time appropriation earmarked in Laws 2008, LB 1116A from the Nebraska State Fair Relocation Cash Fund to assist in the construction and improvement of capital facilities at Fonner Park in Grand Island is not continued per legislative intent.

56 - Nebraska Wheat Board

The recommendation for the Nebraska Wheat Board is the same as the FY 2008-09 appropriation.

57 - Nebraska Oil and Gas Commission

Cash Appropriation - The recommendation on the agency cash fund appropriation is

\$14,741 less for FY 2009-10 and \$1,561 higher for FY 2010-11 than the FY 2008-09 base level.

Federal Funding of Underground Injection Control Program – Federal funding of the agency’s environmental efforts is declining. The recommendation does not include an increase in cash funds to offset this reduction in federal funding. The net result is an overall decrease in federal funds appropriation from FY 2008-09 of \$9,918 in FY 2009-10 and of \$7,717 in FY 2010-11.

60 - Ethanol Board

The Nebraska Ethanol Board’s purpose is to promote the production and marketing of agricultural ethyl alcohol, or ethanol, to reduce oil imports. A seven-member board is appointed by the Governor with legislative approval. Agency personnel include an administrator hired by the board, ethanol project manager, office manager and public information officer. The agency is funded by the Agricultural Alcohol Fuel Tax Fund from non-highway fuel tax refunds. This fund is capped at \$550,000 annual revenue, with revenue in excess of the cap transferred to Ethanol Production Incentive Cash Fund.

The agency requested additional appropriation to initiate basic and applied research projects in the areas of production technology efficiencies and development of higher value co-products. The recommendation does not include this additional new appropriation. The Ethanol Board may choose to utilize existing base appropriation as well as unexpended carry-over reappropriation to conduct the research.

The Ethanol Production Incentive Cash (EPIC) Fund was created by the Legislature to provide financial incentives for the production of ethanol within the state. The table shows the estimated expenditures and revenues for the EPIC Fund as reported in the Nebraska Department of Revenue’s 2008 EPIC Report. Currently, funding is derived from several different sources. They include:

- the General Fund;
- transfers from the Petroleum Release Remedial Action Cash Fund;
- an excise tax on the sale of corn and grain sorghum;
- retention of a portion of tax refunded on motor vehicle fuels;
- a tax on natural gasoline used as a denaturant;

- Agricultural Alcohol Fuel Tax Fund revenue in excess of \$550,000 (up to \$550,000 is designated to fund the Ethanol Board); and,
- interest on the fund itself as it becomes available.

The report indicates that, under current law revenue streams, the fund will be unable to meet its projected obligations during FY 2009-10. The Governor recommends that an additional \$8.25 million be transferred from the General Fund to the EPIC Fund each year of the 2009-2011 biennium to cover the expected shortfall through FY 2010-11.

Description	FY2009	FY2010	FY2011	FY2012	FY2013
Est. EPIC Beginning Balance	22,537,612	10,600,676	(1,725,314)	(16,450,314)	(25,950,314)
Est. EPIC Revenues	15,850,000	15,640,000	15,400,000	15,400,000	2,850,000
Est. EPIC Expenditures	28,125,000	28,125,000	30,125,000	24,900,000	-
Interest on Invested Funds	338,064	159,010	-	-	-
EPIC Fund Balance	10,600,676	(1,725,314)	(16,450,314)	(25,950,314)	(23,100,314)
Additional General Funds		8,250,000	8,250,000		
Interest on Invested Funds		282,760	102,112		
EPIC Fund Balance	10,600,676	6,807,446	434,558	(9,065,442)	(6,215,442)

61 - Nebraska Dairy Industry Development Board

The Board requested a reduction in cash funds of \$400,000 in both FY 2009-10 and FY 2010-11. This is caused by a loss of revenue from a mandatory assessment of 10 cents per hundredweight on all milk products in the state for commercial use due to reduction in the number of dairy producers in Nebraska.

The recommendation for the Nebraska Dairy Industry Development Board is to provide funding as requested in the agency’s budget request.

71 - State Energy Office

The recommendation includes cash fund reductions of \$8,294 and federal fund reductions of \$24,878 for both FY 2009-10 and FY 2010-11 to reflect program savings from the elimination of the Energy Assistant Director of Planning and Research position which duplicated some of the functions of the Energy Office Director position.

The recommendation includes a federal fund reduction of \$78,979 in operations and \$2,110,902 in aid for both FY 2009-10 and FY 2010-11 in the Low Income Weatherization Assistance Program allowing the program to operate within an appropriation reflecting anticipated federal funding.

The recommendation includes an increase of \$1,000,000 cash funds in both FY 2009-10 and FY 2010-11 for the Dollar and Energy Saving Loan Program based on contractual agreement and funds received from Nebraska Public Power District (NPPD) to provide loans at a reduced rate of 2.5% for NPPD customers to make specific energy efficiency improvements that will reduce NPPD's base load.

74 - Power Review Board

The Board had three minor request adjustments that were net reductions in cash fund appropriations. Salaries and health costs would add to cash appropriations, but historically, the Board has under-spent appropriations. The recommendation includes a reduction in the cash fund appropriation. The overall recommended reduction is \$21,840 for FY 2009-10 and \$31,223 for FY 2010-11.

84 - Department of Environmental Quality

The recommendation includes the agency request for Administration. This results in a reduction in General Funds of \$233,206 in FY 2009-10 and \$202,886 in FY 2010-11, a reduction in cash funds of \$236,455 in FY 2009-10 and \$267,301 in FY 2010-11, and a reduction in federal funds of \$6,307 in FY 2009-10 and \$42,207 in FY 2010-11.

Included in the recommendation is a reduction of cash fund appropriations of \$200,000 each year to prevent the depletion of the Integrated Solid Waste Cash Fund.

Included in the recommendation is an increase to Drinking Water Facilities Loan Fund, of \$150,000 in each year. This will allow the agency to provide additional loan forgiveness for small communities implementing drinking water infrastructure projects.

86 - Dry Bean Commission

The recommendation for the Dry Bean Commission is the same as the FY 2008-09 appropriation.

88 - Nebraska Corn Board

The recommendation for the Nebraska Corn Board is the same as the FY 2008-09 appropriation.

92 - Nebraska Grain Sorghum Board

The recommendation for the Nebraska Grain Sorghum Board is the same as the FY 2008-09 appropriation.

Economic Development

14 - Nebraska Public Service Commission

Re-allocation of Staff - A number of agency employees have responsibilities which span multiple business functions with different funding sources. For accounting purposes, these employees have their time, and thus their pay and benefits, allocated among the various programs within the agency. These allocations are typically updated each biennium. The agency request recognizes a change in the employee allocations used for the upcoming biennium compared to those in effect for the current biennium. The recommendation includes these allocation changes among the various agency programs.

Manufactured Homes - The Public Service Commission conducts inspections on recreational vehicles and manufactured homes produced in Nebraska. Due to a continuing decline in the related cash fund balance supporting this program, and an agency decision to discontinue certain optional manufactured home installation inspections, the recommendations include agency requested reductions to this program (totaling \$96,593 in both FY 2009-10 and FY 2010-11) for operating expenses, one housing inspector position, and re-allocation of staff time to this program. The recommendation also fur-

ther reduces staff allocation to this program by \$48,800 in both years.

Common Carriers Base Reduction -

The Public Service Commission Common Carriers Program has under-spent total General Fund appropriation over the past several years by approximately \$200,000 each year. The recommendations include reducing the overall General Fund appropriation level by \$59,433 for FY 2009-10 and by \$125,583 for FY 2010-11.

Telephone Relay System – The system is designed to assist persons with hearing or speech impairments to communicate over traditional telephone systems. The increase in cellular phone usage and other personal communications devices has reduced the demand for this service. Consequently, the agency budget request reflects a reduction in contract service costs of approximately \$200,000 in both FY 2009-10 and FY 2010-11. The recommendations include these reductions to the program cash fund appropriations, as well as a separate reduction in government aid funding of \$200,000 in both fiscal years of the biennium, in an effort to help maintain a positive balance in the Telephone Relay System Cash Fund. This fund was projected by the agency to end with a negative balance.

Nebraska Internet Enhancement

Fund – This fund provides financial assistance to counties and municipalities for the installation and delivery of broadband and other advanced telecommunications services. Due to the low level of revenue for this program, the recommendations include an overall reduction in aid to local governments of \$59,202 in FY 2010-11, in an effort to help maintain a positive balance in the Internet Enhancement Cash Fund.

Enhanced Wireless E-911 - Laws 2006, LB 1222, requires each Nebraska county to implement enhanced 911 services by July 1, 2010. The agency budget request for cash fund appropriations would bring the Enhanced Wireless E-911 Cash Fund balance to a negative \$706,676 by the end of FY 2010-11. Consequently, the recommendations include a \$500,000 reduction in both FY 2009-10 and FY 2010-11, in an effort to maintain a positive cash fund balance.

Universal Service Fund - The balance in the Universal Service (USF) Cash Fund has

been declining over the past five fiscal years. The agency request for the upcoming biennium relative to expenditures from this fund for provider remittances would create a negative cash balance by the end of FY 2010-11 of \$13,729,667. Consequently, the recommendation provides a reduction in the cash appropriation of \$10,000,000 in both FY 2009-10 and FY 2010-11.

Public Advocate Program - The Public Advocate responsibilities can be carried out using staff FTEs or using consultants. The Commission has historically used a consultant to fulfill the Public Advocate role, and there has been no staff hired in this program. The agency budget request would shift the responsibilities for this program to in-house staff, which would require hiring an additional employee position beyond the current appropriation level, at approximately \$39,138 per year. The recommendation does not add a new employee position.

19 - Department of Banking & Finance

Bank Examiner Trainee Promotions –

In order to maintain a highly trained bank examination staff, the Department of Banking and Finance has proposed a comprehensive training and advancement program. An examiner who successfully completes the schooling and training and performs successfully on the job, becomes eligible to be promoted from an Examiner Trainee to a Junior Examiner and eventually to a Senior Examiner in charge of examinations. The agency request to accommodate this training and advancement program would require an increase in cash appropriation of \$52,280 in FY 2010-11. The recommendation agrees with this approach.

Operating and Travel Expense Reductions - In order to address the additional cost of employee salary and health insurance increases, the Department budget request reflects decreases in cash appropriations in the areas of operating costs, capital outlay, and travel expenses. The recommendations include these reductions.

FACTS Migration IT Project - The FACTS (Financial Agency Centralized Tracking System) is the agency's central information, ap-

plication and licensing system. FACTS is currently written in Visual Basic 6 (VB6), a Microsoft software product. As of March 2008, this product is no longer supported. The agency request provides for a migration away from VB6 to a product that is supported or to a third-party vendor. With the assistance of the Office of the CIO and the State Purchasing Bureau within the Materiel Division of Administrative Services, the agency has researched various approaches to resolving this issue. A Request for Information (RFI) was sent to several vendors and responses have been received to determine the agency's options. The recommendations include the agency request to appropriate \$100,000 cash funds in FY 2009-10 for this IT project.

Cash Appropriation Base Adjustment

- Under the current agency budget request, the projected Financial Institutions Cash Fund balance would decrease to a negative \$19,922 by the end of FY 2010-11. The agency would either need to increase certain financial institution rates and fees in both FY 2009-10 and FY 2010-11 or not spend up to their appropriation limits in these two years in order to avoid the negative balance. The agency has consistently under-spent its cash fund appropriation levels in this program over the past three years. The recommendation reduces the overall cash fund appropriation level for the program by \$120,000 for both FY 2009-10 and FY 2010-11 to minimize the possibility of a negative cash fund balance.

Transfers to General Fund - The Governor's recommendation includes transfers of \$20 million in both FY 2009-10 and FY 2010-11 from the Securities Act Cash Fund to the State General Fund.

22 - Department of Insurance

Financial Examiner Performance Increase - In 2003, the Legislature passed a bill allowing the Department to classify the examination staff as "at-will" to afford the Director flexibility in pay issues. While this resulted in an initial pay increase for the examination staff, pay increases have not deviated from the increases afforded employees over the last several years. To insure that the discrepancy in the mid-level positions between public and private salaries do

not increase to the point they were five years ago, the agency would provide for additional examination staff salary increases, based on performance and passing industry tests and staying with the agency five or more years. The total increase requested for each year for salaries is \$83,447 in FY 2009-10 and \$173,621 in FY 2010-11. The agency proposed salary costs would be offset by reductions in various operating cost line items each year, such as data processing, temporary services, repair & maintenance, and software purchases, for a net impact of \$-0- each fiscal year. The recommendation affirms this approach, and provides the additional PSL to match the salary changes.

Transfers to General Fund - The recommendation includes transfers of \$6 million in both FY 2009-10 and FY 2010-11 from the Insurance Cash Fund to the State General Fund.

23 - Department of Labor

FY 2008-09 Deficit Request - In 2008, the Nebraska Workforce Development - Department of Labor identified accounting discrepancies that occurred over a five-year period of time in federal funds that cumulatively resulted in a shortfall in several grants. Federal guidelines require restoration of those fund sources. In addition, the United States Department of Labor, rescinded \$2.4 million in funding related to programs administered through the Workforce Investment Act (WIA). The accounting reconciliation, together with the rescission and reduction of funds under WIA, required the Department to take measures to restore a total of approximately \$4.4 million in federal grant funds. Of this amount, approximately \$2.2 million is related to the agency's Employment Services and Unemployment Insurance programs. The agency has sufficient federal Reed Act funds and appropriation to pay this \$2.2 million and requests approval to use these funds for this purpose. Existing Safety Cash Fund appropriation of \$200,000 will also be used. The agency is requesting \$2,000,000 cash funds in FY 2008-09 to pay the remaining amount: \$1,300,000 will come from the Division of Employment Contingency Cash Fund and \$700,000 from the Safety Program Cash Fund. The recommendation includes these agency requests.

Staffing Reductions – The agency budget request includes various staff reductions through attrition, reduction in force, and furlough, totaling \$4,420,828 in all programs (primarily affecting Federal Funds) to correct and maintain appropriate federal grant balances in the next biennium and beyond. Reductions in staff will allow the agency to correct the federal grant situation, as well as minimize the overall budget impact of increases in salaries and health insurance costs, assessment fees, and transportation costs. The agency has prepared a coordinated plan for staffing reductions in both Workforce Development, and Public Safety. The recommendations reflect the agency approach to this issue.

35 - Liquor Control Commission

The recommendation is \$2,460 less in General Funds for FY 2009-10 and \$2,619 less in General Funds for FY 2010-11 than the agency base appropriation for FY 2008-09.

36 - Nebraska State Racing Commission

The recommendation includes the agency's request to maintain the agency's budget at the FY 2008-09 appropriation level.

41 - Nebraska State Real Estate Commission

The recommendation for the Nebraska Real Estate Commission is to provide funding as requested by the agency.

45 - Nebraska Board of Barber Examiners

The recommendation for the Nebraska Board of Barber Examiners is the same as the FY 2008-09 appropriations.

53 - Nebraska Real Property Appraiser Board

The recommendation includes the reduction of the agency's staff by .5 FTE. Person-

al services limitation is reduced by \$19,225 for FY 2009-10 and \$16,720 for FY 2010-11 and cash fund appropriation is reduced by \$19,269 for FY 2009-10 and \$14,902 for FY 2010-11.

58 - Board of Engineers & Architects

The recommendation includes a net reduction of \$17,904 cash funds in FY 2009-10 and \$2,371 cash funds in FY 2010-11. Included in this reduction is the additional appropriation for costs related to accepting credit card payments. This results in an increase of \$3,000 cash funds in FY 2009-10 and \$5,000 cash funds in FY 2010-11.

59 - Nebraska Board of Geologists

The recommendation includes the agency's budget request for the 2009-2011 biennium. This results in a cash fund reduction of \$1,370 for FY 2009-10 and \$834 for FY 2010-11.

62 - Nebraska Board of Examiners for Land Surveyors

The recommendation reduces the cash fund appropriation by \$7,092 in FY 2009-10 and \$6,319 in FY 2010-11 for savings identified by the agency in their budget request.

63 - Nebraska State Board of Public Accountancy

The recommendation for FY 2009-10 and FY 2010-11 is the same as the FY 2008-09 level of appropriations. This represents an approximate 10% increase over FY 2007-08 spending levels. On average, over the past three years, the agency has underutilized its appropriation by \$70,252.

Included in the recommendation is a reduction to per diems from \$25,000 each year to \$18,000 in each year. On average, over the last three years, the agency has utilized \$14,833 of the base per diem.

66 - Nebraska Board of Examiners - Abstracters

The recommendation for FY 2009-10 and FY 2010-11 is the same as the FY 2008-09 level of appropriations. Over the last three years, the Board of Examiners - Abstracters has not fully utilized its appropriation by an average of 10% or \$3,904.

72 - Department of Economic Development

BECA Appropriation - The FY 2008-09 appropriation for Program 603 – Industrial Recruitment, includes a \$250,000 cash fund appropriation as a result of a one-time transfer of \$250,000 from the Cash Reserve Fund to the Building Entrepreneurial Communities Cash Fund. The Department is eliminating the need for any continuation request for such an additional transfer of Cash Reserve funds or cash fund appropriation for the BECA program. The recommendation supports eliminating the continuation of this one-time transfer and appropriation.

Rural Development Commission Appropriations - The agency request reflects the transfer of appropriation from two different programs into the Rural Development Commission Program. The first transfer moves \$850,000 in General Fund aid appropriation in both FY 2009-10 and FY 2010-11 for the Agricultural Opportunities and Value-added Agriculture Aid program from Program 601 – Rural & Community Development, to Program 134 – Rural Development Commission. The second transfer moves \$150,000 in General Fund aid appropriation in both FY 2009-10 and FY 2010-11 for the Building Entrepreneurial Communities Act (BECA) program from Program 603 – Industrial Recruitment, to Program 134 – Rural Development Commission. The recommendations support these transfers of General Fund appropriations within the Department programs.

Microenterprise Partnership - The FY 2008-09 appropriation for Program 601 – Community and Rural Development, includes a \$1,000,000 cash fund appropriation as a result of a one-time transfer of \$1,000,000 from the Cash Reserve Fund to the Microenterprise Development Cash Fund. The Department is eli-

minating the need for any continuation request for such an additional transfer of Cash Reserve Funds or cash fund appropriation for the Microenterprise Development Act. The proposed budget does continue with previous funding levels (\$497,500 per year, from General Funds) for carrying out the Microenterprise Development Act. The recommendation supports eliminating the continuation of this one-time transfer and appropriation.

Job Training Aid - The FY 2008-09 appropriation for Program 603 – Industrial Recruitment, includes a \$5,000,000 cash fund appropriation as a result of a one-time transfer of \$5,000,000 from the Cash Reserve Fund to the Job Training Cash Fund. The Department is eliminating the need for any continuation request for such an additional transfer of Cash Reserve funds or cash fund appropriation for the Job Training program. The recommendation supports eliminating the continuation of this one-time transfer and appropriation.

Shift Surety Bond Aid Funding to Far East Development Activities - The FY 2008-09 appropriation to Program 603 – Industrial Recruitment, includes a \$277,500 aid appropriation. Of this aid amount, \$127,500 reflects the portion set aside for the Surety Bond program. The agency request proposes that this \$127,500 be moved to operating funds to assist in Industrial Recruitment activities of development and promotion of Nebraska business activity in and from the Far East; as well as in Europe. The recommendation does not include this change in funding from aid to operations.

Special Olympics Promotion Funding - The recommendation includes a one-time transfer of \$1,000,000 from the Cash Reserve fund to the Visitor's Promotion Cash Fund in FY 2009-10 and an increase in cash fund appropriation in Tourism Promotion in FY 2009-10, for the support and promotion of the Special Olympics, which will be held in Lincoln, Nebraska in 2010.

73 - Nebraska State Board of Landscape Architects

The recommendation for the Nebraska State Board of Landscape Architects is the same as the FY 2008-09 appropriation.

Human Resources Development

13 - Department of Education

Educational Administration and Support - The recommendation includes increases of \$6,400,411 in federal funds for FY 2009-10 and \$6,656,427 in federal funds for FY 2010-11 to provide for anticipated federal funding.

The Department requested \$345,000 General Funds in FY 2009-10 and \$815,000 General Funds in FY 2010-11 to provide additional funding for statewide assessment. FY 2008-09 appropriations currently provide \$2.15 million General Funds and \$2.75 million federal funds for this activity. The fiscal note filed for LB 1157 estimated need of an additional \$1.16 million General Funds over the biennium. However, the Department's recent bid process produced several viable proposals that appear capable of meeting the state's responsibilities under LB 1157. The second highest rated proposal offered a contract price that would reduce LB 1157 estimated costs by up to \$1 million each year. Given the acceptable alternative proposal and the challenging fiscal environment, the recommendations do not include additional funding for this request.

Education Aid – The recommendation for the Tax Equity and Educational Opportunities Support Act (TEEOSA School Aid) increases General Fund State aid to schools by \$35 million in FY 2009-10 and \$65 million in FY 2010-11 above the FY 2008-09 appropriation level, representing annual increases of 4.3% and 3.5% respectively. Furthermore, under the recommendation statewide formula resource growth for schools would increase nearly 6% in FY 2009-10.

By contrast, the recommendations for state agency operations provide annual increases of just 1.8% in FY 2009-10 and 1.3% in FY 2010-11. The Governor's \$100 million biennial recommendation for TEEOSA represents nearly 58 percent of the \$173 million General Fund increase the Governor is recommending for all agency operations, aid and capital construction over the biennium.

Since the 2008 legislative session concluded, TEEOSA estimates have evolved as information becomes available (see Chart that follows). At the end of the 2008 legislative session, TEEOSA General Fund estimates were \$945.6 million for FY 2009-10 and \$1.054 billion for FY 2010-11. The November 15th, 2008 General Fund estimates were \$898.1 million for FY 2009-10 and \$1.001 billion for FY 2010-11 based primarily on 2008 adjusted property valuation growth of 6.6% statewide, along with minor changes in assumptions for formula needs and resources. Based on the 2007-08 *Annual Financial Reports*—first available in mid-December 2008—TEEOSA estimates were revised to \$889.4 for FY 2009-10 and \$990.3 for FY 2010-11, to reflect actual school spending and accountable receipts.

The recommendations also include funding the **\$1,529,614 General Fund deficit request for FY 2008-09 TEEOSA school aid**. Additional General Funds are necessary for two reasons: Insurance Premium Tax revenues were \$1,149,275 lower than projected and TEEOSA aid was recertified \$380,338 higher than appropriated for in Laws 2008, LB 988A (i.e., LB 988A appropriated \$823,527,243 on April 2, 2008, while the department's recertification on April 30, 2008 requires \$823,907,581 in General Funds).

The preliminary 2007-08 *Annual Financial Reports* also indicate that K-12 public schools in Nebraska began FY 2008-09 with about \$661 million in General Fund Cash Balances, an amount representing about 24% of statewide school general fund disbursements (including all state, local and federal revenues).

TEEOSA School Aid Estimates Over Time

	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13
	<u>Certified</u>	<u>Sine Die 2008 Est</u>	<u>Sine Die 2008 Est</u>	<u>Sine Die 2008 Est</u>	<u>Sine Die 2008 Est</u>
General Fund (Sine Die 2008)	823,527,243	945,644,560	1,053,981,046	1,114,870,251	1,177,802,323
Annual Change	69,971,695	122,117,317	108,336,486	60,889,205	62,932,072
% Change	9.3%	14.8%	11.5%	5.8%	5.6%
Insurance Premium Tax	15,058,425	14,803,428	15,173,513	15,552,851	15,941,672
Total TEEOSA State Aid	838,585,668	960,447,988	1,069,154,559	1,130,423,102	1,193,743,995
	<u>Certified</u>	<u>Nov 2008 Est</u>	<u>Nov 2008 Est</u>	<u>Nov 2008 Est</u>	<u>Nov 2008 Est</u>
General Fund (Nov 15, 2008 Est)	825,056,857	898,141,738	1,001,474,368	1,090,804,560	1,158,474,734
Annual Change	71,501,309	73,084,881	103,332,630	89,330,192	67,670,174
% Change	9.5%	8.9%	11.5%	8.9%	6.2%
Insurance Premium Tax	14,333,724	14,692,067	15,059,369	15,435,853	15,821,749
Total TEEOSA State Aid	839,390,581	912,833,805	1,016,533,737	1,106,240,413	1,174,296,483
	<u>Certified</u>	<u>Dec 2008 Est</u>	<u>Dec 2008 Est</u>	<u>Dec 2008 Est</u>	<u>Dec 2008 Est</u>
General Fund (December 2008 Est)	825,056,857	889,436,722	990,254,487	1,078,886,218	1,145,816,432
Annual Change	71,501,309	64,379,865	100,817,765	88,631,731	66,930,214
% Change	9.5%	7.8%	11.3%	9.0%	6.2%
Insurance Premium Tax	14,333,724	14,692,067	15,059,369	15,435,853	15,821,749
Total TEEOSA State Aid	839,390,581	904,128,789	1,005,313,856	1,094,322,071	1,161,638,181
GENERAL FUND - Change Since Sine Die 2008		(56,207,838)	(63,726,559)	(35,984,033)	(31,985,891)
GENERAL FUND - Change Over FY2008-09		65,909,479	166,727,244	255,358,975	322,289,189
	<u>Certified</u>	<u>Governor's Rec</u>	<u>Governor's Rec</u>	<u>Governor's Rec</u>	<u>Governor's Rec</u>
General Fund (Governor's Recommendation)	825,056,857	858,527,243	888,527,243	937,396,241	988,953,035
Annual Change	71,501,309	33,470,386	30,000,000	48,868,998	51,556,793
% Change	9.5%	4.3%	3.5%	5.5%	5.5%
Insurance Premium Tax	14,333,724	14,692,067	15,059,369	15,435,853	15,821,749
Total TEEOSA State Aid	839,390,581	873,219,310	903,586,612	952,832,094	1,004,774,784
GENERAL FUND - Change Since Sine Die 2008		(87,117,317)	(165,453,803)	(177,474,010)	(188,849,288)
GENERAL FUND - Change Over FY2008-09		35,000,000	65,000,000	113,868,998	165,425,792

The budget recommendation also increases State aid for several other aid programs to schools.

The Department requested additional funding for **Special Education aid** of \$9,244,692 General Funds in FY 2009-10 and \$18,951,619 General Funds for FY 2010-11. If funded, this request would produce a 5% annual increase for this aid program. The recommendation provides an additional \$5,546,815 General

Funds in FY 2009-10 and an additional \$11,260,035 General Funds for FY 2010-11, a 3% annual increase in both years for Special Education aid.

The recommendation includes increases of \$50,000 General Funds for FY 2009-10 and \$50,000 General Funds for FY 2010-11 to provide additional funding for the Textbook Loan program.

The recommendation includes increases of \$50,000 in cash fund appropriations for FY 2009-10 and \$50,000 in cash fund appropriations for FY 2010-11 related to the Qwest Grant program providing educational technology grants to schools.

The recommendation provides an additional \$113,268 General Funds for FY 2009-10 and \$157,577 General Funds for FY 2010-11 to increase funding for School Breakfast aid consistent with the intent of Laws 2007, LB 73.

The recommendation also includes increases of \$500,000 General Funds for FY 2009-10 and \$500,000 General Funds for FY 2010-11 providing additional funding for Learning Community Aid as intended by Laws 2007, LB 642.

The recommendation includes increases of \$858,000 in cash fund appropriations for FY 2009-10 and \$858,000 in cash fund appropriations for FY 2010-11 to provide total spending authority of \$3.1 million for the Early Childhood Education Endowment Cash Fund based on an anticipated \$5 million increase in the private endowment fund and expected earnings for the private and public endowment funds.

The recommendation also includes the federal fund aid increases of \$17,571,198 for FY 2009-10 and \$28,445,151 for FY 2010-11, as requested by the Department of Education.

Education Innovation – The recommendation includes the requested cash fund increases of \$250,000 for FY 2009-10 and \$250,000 for FY 2010-11 providing the additional appropriation called for by Laws 2006, LB 1208.

Vocational Rehabilitation - The recommendation includes the requested cash fund increases of \$30,084 for FY 2009-10 and \$61,369 for FY 2010-11 providing additional state match for anticipated federal fund increases.

Disability Determination - The recommendation provides the requested federal fund aid appropriations of \$136,737 in FY 2009-10 and \$278,944 FY 2010-11.

Services for the Blind and Visually Impaired - The recommendation includes increases of \$17,634 in General Funds for FY 2009-10 and \$35,445 in General Funds for FY 2010-11—providing a 1% annual increase each year for costs related to this 24-hour residential facility.

Services for the Deaf and Hard of Hearing - The recommendation for this program is the same as the FY 2008-09 appropriation.

Professional Practices Commission –

The recommendation for this program is the same as the FY 2008-09 appropriation.

25 - Health and Human Services

The Department of Health and Human Services (DHHS) represents Nebraska’s state-level response to the health and human service needs of Nebraskans. The organizational structure of the Department includes a Chief Executive Officer, a Chief Medical Officer, a Chief Operating Officer, and six divisions: the Division of Behavioral Health, the Division of Children and Family Services, the Division of Developmental Disabilities, the Division of Medicaid and Long-Term Care, the Division of Public Health, and the Division of Veterans’ Homes. The directors of each of the six divisions, the Chief Medical Officer and the Chief Operating Officer report to the Chief Executive Officer. The Chief Executive Officer reports to the Governor.

The recommendation for the General Fund operations and aid budgets for the Department of Health and Human Services for FY 2009-10 and FY 2010-11, along with dollar and percentage changes from the FY 2008-09 base are shown in the table below:

DHHS	FY2008-09	FY2009-10	\$ chg	% chg
Operations	224,867,892	230,942,606	6,074,714	2.7%
Aid	1,000,667,731	992,422,401	-8,245,330	-0.8%
Total	1,225,535,623	1,223,365,007	-2,170,616	-0.2%

	FY2008-09	FY2010-11	\$ chg	% chg
Operations	224,867,892	234,245,249	9,377,357	4.2%
Aid	1,000,667,731	1,015,215,874	14,548,143	1.5%
Total	1,225,535,623	1,249,461,123	23,925,500	2.0%

Twenty-Four Hour Care Facilities -

The recommendation includes for FY 2009-10 and FY 2010-11 for the 24-hour care facilities; the regional behavioral health centers, the Beatrice State Developmental Center, the youth development rehabilitation centers, and the veterans homes, inflationary increases for food and medical costs. The recommendation includes for FY 2008-09 funding for an employee recruitment and retention initiative at all Department of Health and Human Services 24-hour care facilities. The provisions of the initiative are contin-

ued for FY 2009-10 and FY 2010-11 and are patterned after the program currently in place at the Beatrice State Developmental Center.

Provider Rates - The recommendation generally includes a 1.0% increase in General Funds available for provider rates in each of FY 2009-10 and FY 2010-11. An overall average increase of 2.5% in each of FY 2009-10 and FY 2010-11 is recommended for providers of community-based services for persons with developmental disabilities.

Developmental Disability Aid - The recommendation includes \$1,779,160 General Funds in FY 2009-10 and \$3,602,800 in FY 2010-11 for provider rates, an increase in General Funds equating to 2.5% per year over the biennium. The 2.5% increase in funding is equivalent to the estimated state employee pay adjustments for the 2009-2011 biennium. The recommendation also includes \$560,000 General Funds in FY 2009-10 and \$1,280,000 General Funds in FY 2010-11 for individuals transitioning from children's developmental disability services to adult services for the developmentally disabled.

Beatrice State Developmental Center (BSDC) - The recommendation includes \$100,000 for FY 2008-09 from available balances in the Nebraska Health Care Cash Fund to study the privatization of the Beatrice State Developmental Center and is included in the recommendation for the Developmental Disabilities Administration program. The recommendation continues for FY 2009-10 and FY 2010-11 funding necessary for employee recruitment and retention efforts at BSDC.

The recommendation includes \$7,000,000 General Funds for FY 2008-09, \$5,000,000 General Funds for FY 2009-10, and \$5,000,000 General Funds for FY 2010-11 to aggressively pursue a plan of action that will continue federal participation in the operation of BSDC, a facility vital in the continuum of services for the state's developmentally disabled population.

Under an agreement set forth in the U.S. District Court, District of Nebraska on July 2, 2008, between the State of Nebraska, Department of Health and Human Services and the United States (Civ. No. 08-08CV271) pursuant to the Civil Rights of Institutionalized Persons

Act (CRIPA), 42 U.S.C 1997, the Beatrice State Developmental Center (BSDC) will: "achieve and/or maintain desired outcomes for BSDC residents and ensure that they are provided with the protections, supports, and services they need to ensure that their constitutional and statutory rights are protected." The recommendation includes \$1,000,000 General Funds and \$1,500,000 federal funds for FY 2009-10, and \$1,000,000 General Funds and \$1,500,000 federal funds for FY 2010-11 to uphold the terms of the DOJ agreement.

Public Health Administration - The recommendation includes \$100,250 General Funds and \$100,250 federal funds for FY 2008-09, \$205,482 General Funds and \$205,482 federal funds in FY 2009-10, and \$315,928 General Funds and \$315,928 federal funds in FY 2010-11 to increase the frequency of facility surveys for community-based providers of developmental disability services.

Medicaid - The Medicaid program is a federal/state partnership program authorized in the Social Security Act of 1965. The federal and state governments share the costs of the program. In Nebraska the funding split is currently roughly 60% federal funds and 40% state funds.

The recommendation includes a reduction of \$45,567,663 General Funds for Medicaid in the current fiscal year, FY 2008-09. This reduction consists of \$25,607,620 of unspent and unobligated General Funds from FY 2007-08 that were reappropriated to FY 2008-09, and \$19,960,043 General Funds for FY 2008-09 that have been projected to be in excess of the amount needed to finance the program for the current fiscal year.

The table below illustrates that after FY 2008-09 has been rebased and adjusted for the reduced federal "clawback" payments the recommendation of \$579,949,946 General Funds for FY 2009-10 provides for growth of \$9,114,817 General Fund in the Medicaid program, an increase of 1.6% from the adjusted FY 2008-09 base. The recommendation of \$592,635,061 General Funds for FY 2010-11, an increase of \$21,799,932 General Funds, represents an increase of 3.8% from the adjusted FY 2008-09 base.

Medicaid – General Fund Only	FY 2008-09 Appropriation	FY 2009-10 Gov. Recomm.	FY 2010-11 Gov. Recomm.
FY 2008-09 Appropriation	590,958,613	590,958,613	590,958,613
Rebase FY 2008-09	(19,960,043)	(19,960,043)	(19,960,043)
Reduced federal Medicare D “clawback” assessment	(163,441)	(172,871)	(182,845)
Program provider rate and utilization adjustments		15,140,430	35,941,487
Federal match rate (FMAP) change		(6,016,183)	(6,210,186)
Program changes in agency request:			
Provide for two-tiered provider payment rates			(3,744,091)
Adjust Indirect Medical Education factor			(49,556)
Adjust outpatient reimbursement rates			(843,137)
Adjust outlier threshold-DRG hospitals			(584,207)
Provide for family premium payments			(426,430)
Adjust critical access hospital reimbursements			(687,903)
Limit disability child care reimbursements			(725,380)
Limit Outpatient Mental Health Visits			(251,261)
Adjust nursing home rates			(600,000)
Total	570,835,129	579,949,946	592,635,061
\$ change from Adjusted FY 2008-09 Base		9,114,817	21,799,932
% change from Adjusted FY 2008-09 Base		1.6%	3.8%
\$ change from FY 2008-09 Appropriation		(11,008,667)	1,676,448
% change from FY 2008-09 Appropriation		-1.9%	0.3%

ACCESSNebraska - The ACCESSNebraska project involves reengineering of Economic Assistance service delivery in Nebraska. The proposal uses the latest technology, combined with program policy enhancements, to modernize service delivery. In the long term, ACCESSNebraska will reduce expenditures for economic assistance service delivery. The recommendation includes the \$712,411 General Fund reduction and the \$2,168,167 federal fund increase for FY 2009-10, along with the General Fund savings of \$1,331,691 and federal fund reductions of \$1,054,852 for FY 2010-11 that are associated with implementation of ACCESSNebraska. Federal Food Stamp bonus funds are being used to implement ACCESS Nebraska.

Public Assistance - The Public Assistance Aid program is intended to provide basic financial assistance to individuals and families, supports to enable self-sufficiency, emergency assistance, assistance with medical expenses, services to protect the welfare and safety of children, and supports to persons with disabilities.

The recommendation includes a reduction of \$22,900,124 General Funds for Public Assistance in the current fiscal year, FY 2008-09, from the FY 2008-09 General Fund appropriation of \$241,622,331. This reduction consists of \$18,004,186 of unspent and unobligated General Funds from FY 2007-08 that were reappropriated to FY 2008-09, and \$4,895,938 General Funds for FY 2008-09 that have been

projected to be in excess of the amount needed to finance the program for the current fiscal year. The adjusted base for FY 2008-09 after accounting for the FY 2008-09 \$4,895,938 General Fund rebase is \$236,726,393.

The recommendation for Public Assistance includes \$241,436,684 General Funds for FY 2009-10 and \$247,981,401 General Funds for FY 2010-11. This represents an increase of \$4,710,291, or an increase of 2.0% for FY 2009-10 and an increase of \$11,255,008, or 4.8% for FY 2010-11, from the adjusted FY 2008-09 General Fund base of 236,726,393.

The recommendation includes \$2,046,092 General Funds for FY 2009-10 and \$2,046,092 for FY 2010-11 that represents a transfer of the appropriations from two existing programs, Protection and Safety of Children and Predisposition Detention, as requested by the agency. This increase of appropriation in the Public Assistance program is offset by corresponding decreases in the two individual programs and do not represent increases in overall state spending.

The recommendation includes \$2,730,636 General Funds for FY 2009-10 and \$2,730,636 General Funds for FY 2010-11 for child care provider market rate increases. Legislation is proposed that will allow for the reduced increase from the \$4,291,593 requested by the agency for each of the two years of the biennium.

The recommendation includes increases in Education Assistance to State Wards of

\$171,948 General Funds for FY 2009-10 and \$345,615 General Funds for FY 2010-11.

28 - Veterans' Affairs

The Department of Veterans' Affairs, created in 1947, serves as the advocacy agency for Nebraska's veterans. The department is headed by a director that is appointed by the Governor and approved by the Legislature. The agency administers the interest from the Nebraska Veterans' Aid Trust Fund to provide temporary assistance to needy veterans and their dependents.

The recommendation for the agency is \$1,186,710 General Funds for FY 2009-10 and \$1,198,086 General Funds for FY 2010-11. The increases over the FY 2008-09 appropriation, \$153,816 General Funds in FY 2009-10 and \$165,192 General Funds in FY 2010-11 are for increased staff and operating costs associated with the establishment and operation of the state veterans' cemetery in Alliance.

34 - Nebraska Library Commission

The recommendation for the Library Commission is the same as the FY 2008-09 appropriation.

47 - Nebraska Educational Telecommunications Commission (NETC)

The recommendation acknowledges the completion of NET's conversion from an analog to a digital signal, and the subsequent ability to reduce from the base \$300,000 of one-time funding and utility savings resulting from the changeover.

Temporary cessation of the depreciation assessment defined in Section 81-188.02, R.R.S. will provide almost \$196,000 in flexibility for NETC in addressing one-time needs over the biennium. In addition, the matching fund requirement for Task Force for Building Renewal projects is also eliminated, which will allow previously needed maintenance funds to be redirected for pressing needs.

48 - Coordinating Commission for Postsecondary Education

The recommendation includes a cash fund increase of \$1,000,000 in FY 2009-10 and \$1,750,000 in FY 2010-11 for additional scholarships for needy students. The increase enables the Commission to award scholarships through

the Nebraska Scholarship Program from lottery funds that have already been received by the agency for that purpose.

50 - Nebraska State Colleges

Education is a matter of highest priority in the Governor's recommendations. In keeping with that priority, the recommendation includes a 1% increase in state General Funds each year of the biennium for the Nebraska State College System, which amounts to \$453,932 in FY 2009-10 and an additional \$458,471 in FY 2010-11, for a cumulative \$912,403 increase over the biennium. Recognizing that the next several years will be difficult with the economic downturn, the Governor intends for the State Colleges to continue the important work of providing quality educational opportunities for the citizens of Nebraska, along with economic stability and cultural opportunities in the more rural areas of the state.

The recommendation includes increases of \$3,308,235 cash funds and \$774,732 revolving funds for the State College System to update the colleges' estimated spending authority as determined by the Board of Trustees and implemented over the past two years.

The biennial budget package includes a temporary cessation of depreciation assessment payments for the State College System as contained in Section 81-188.06, R.R.S. The system's base funding for the depreciation assessment, which totals \$530,061 for FY 2008-09, is left in the appropriation to allow some flexibility in dealing with one-time costs during the biennium. Additional flexibility is permitted with the permanent cessation of the required match funding for Task Force for Building Renewal projects.

With a deficit appropriation in the spring of 2008, the Governor encouraged the State College System and the University to work together in planning for and implementing a replacement for the student information system that has been in use since 1987, and for which maintenance will soon no longer be available. The State College System and the University were also asked to work together on a resource planning system for the State College System. An appropriation of \$5,556,000 was approved for FY 2008-09 for the State College System to finance these two projects. Since much of the intervening year has been spent in reviewing and evaluating proposals, the recommendation allows for the reappropriation of General Funds

remaining in Program 840, as initially appropriated in Laws 2008, LB 959. No additional funding is recommended pursuant to the System's deficit request.

51 - University System

In recognition of the need to continue to equip our citizens for the challenges of the 21st century, the recommendation includes a 1% increase in state General Funds for the University of Nebraska each year of the new biennium. The Governor is encouraged by the University's focus on quality, on the University's statewide mission, and the Regents' efforts to provide financial assistance for needy students. The increase will add \$4,921,060 in FY 2009-10 and an additional \$4,970,271 in FY 2010-11, for a cumulative increase over the biennium of \$9,891,331.

The recommendation for the temporary cessation of depreciation payments by the University of Nebraska, as defined by Section 81-188.04, R.R.S., will allow the University nearly \$3.8 million of flexibility in dealing with one-time costs incurred in making budget adjustments over the next two years. In addition, the University is allowed to retain maintenance funds usually required to match Task Force for Building Renewal allocations. The savings could amount to at least \$900,000 a year, if allocations are similar to those provided in the last several years.

The University was provided \$14,444,000 General Funds in FY 2008-09 to plan for and implement a new student information system, in cooperation with the State College System. The recommendation recognizes the amount of time spent in doing joint planning, seeking and evaluating proposals, and negotiating a purchase agreement. The recommendation provides for reappropriation of all General Funds remaining in Program 740 for the student information system.

54 - State Historical Society

The recommendation for the Historical Society is the same as the FY 2008-09 appropriation.

68 - Mexican American Commission

The recommendation includes a one-time reduction of General Funds of \$3,882 for FY 2009-10 and a related increase in cash funds

of \$3,882 for FY 2009-10 to allow the agency to utilize its cash fund for operations.

69 - Nebraska Arts Council

The recommendation for the Council is the same as the FY 2008-09 appropriation.

70 - State Foster Care Review Board

The state Board's mission is to ensure the best interests of children in out-of-home care are being met through external citizen review, monitoring facilities that house children and youth, maintaining an up-to-date database on a statewide tracking system and disseminating data and recommendations through an annual report.

The recommendation for the agency includes \$1,336,371 General Funds, \$6,000 cash funds, and \$603,389 federal funds for FY 2009-10 and \$1,336,371 General Funds, \$6,000 cash funds and \$380,000 federal funds for FY 2010-11. The recommendation includes reducing the federal fund estimate in FY 2010-11 as requested by the agency to more closely approximate available federal funding.

76 - Indian Affairs Commission

The recommendation for the Commission is the same as the FY 2008-09 appropriation.

81 - Commission for the Blind and Visually Impaired

The agency requested a reduction of \$43,061 in federal funds for FY 2009-10 and FY 2010-11 to adjust for the one-time impact of implementing the eForce Computer System. The recommendation includes this reduction.

82 - Commission for the Deaf and Hard of Hearing

The recommendation for the Commission is the same as the FY 2008-09 appropriation.

83 - Nebraska Community Colleges

As the result of Laws 2007, LB 342, a new funding formula is now in effect for Community College aid. With the passage of LB 342, an additional \$12 million of aid was pro-

vided, along with the already planned \$3.5 million increase for FY 2007-08, bringing the new total to over \$84 million. In FY 2008-09, another \$3.2 million in aid was added. The total increase in state aid for community colleges was \$18.7 million, an increase of 27.3% over its previous FY 2006-07 base appropriation level.

The Governor's high priority on education is reflected in his decision to add 1% of additional state General Funds each year of the 2009-2011 biennium to the Community College Aid formula. This will add \$872,665 in FY 2009-10 and an additional \$881,391 in FY 2010-11, for a cumulative increase over the biennium of \$1,754,056. With the aid increases of the previous two years and careful budgeting, combined with increasing enrollments providing cash resources, the community colleges should be able to continue providing outstanding educational opportunities for their students without placing an undue burden on the property tax payers in their areas. It is the Governor's intent that the community colleges manage the resources available to them throughout the upcoming biennium without a heavier reliance on property taxes.

Public Finance

12 - State Treasurer

The Territorial Assembly created the office of the Treasurer of the Territory in March 1855. The Treasurer's statutory duties include such responsibilities as: To receive and keep all money of the State not expressly required to be received and kept by some other person; To disburse the public money upon warrants drawn upon the State Treasury according to law; To keep a just, true and comprehensive account of all money received and disbursed; To receive and hold all unclaimed, abandoned or escheated property; To locate, whenever possible, the rightful owners of unclaimed property; To receipt and disburse child support payments in Nebraska (under contract with Health and Human Services); To serve as Trustee of the Nebraska Educational Savings Plan Trust; and Administer the Nebraska Long-Term Care Savings Program.

The State Treasurer's office is organized into five operating divisions. They are:

- Treasury Management
- Unclaimed Property

- Child Support State Disbursement Unit,
- College Savings Plan, and
- Long-Term Care Savings Program.

The Treasurer's Office also serves as the distributing agency for a number of state aid programs to local governments. The aid programs resident in the Treasurer's budget are Aid to Cities, Aid to Counties, Aid to Natural Resources Districts, Municipal Infrastructure Redevelopment Fund (MIRF), Mutual Finance Assistance Fund, and the Convention Center Financing Assistance Fund.

The recommended appropriation levels for the State Treasurer's Office are generally consistent with the levels requested. The table below compares the agency request to the recommendation. The recommendation for the State Treasurer's Office provides for an overall reduction of 2.8% in FY 2009-10 and 2.5% reduction in FY 2010-11 compared to the current FY 2008-09 base appropriation. The General Fund recommendation represents a 0.3% reduction in FY 2009-10 and a 0.1% reduction in FY 2010-11 relative to the FY 2008-09 base appropriation.

State Treasurer's Office

Agency Request and Governor's Recommendation

Fund	FY2008-09	FY2009-10	FY2009-10	FY2010-11	FY2010-11
	Base	Request	Governor	Request	Governor
General	19,414,587	19,361,473	19,361,473	19,394,949	19,394,949
Cash	5,954,093	5,531,848	5,561,187	5,582,099	5,576,740
Federal	2,407,454	2,075,665	2,075,665	2,120,489	2,120,489
Total	27,776,134	26,968,986	26,998,325	27,097,537	27,092,178

Highlights of the recommendations include:

Municipal Infrastructure Redevelopment Fund – State law provides that this program will terminate after FY 2008-09. The recommendations include elimination of the cash fund appropriation for this program consistent with the law.

State Disbursement Unit Federal Fund Rebase – The recommendation includes, at the agency's request, a rebasing of the federal fund appropriation for the child support State Disbursement Unit. The rebase recommendation reduces the federal fund appropriation \$258,661 in each of FY 2009-10 and FY 2010-11.

16 - Department of Revenue

The Department of Revenue, under the direction of the Tax Commissioner, is responsible for the administration of all revenue laws of the state. The Department consists of six divisions: Policy, Compliance, Operations, and

three other distinct systems for Property Assessment, Motor Fuels, and, finally, Lottery and Charitable Gaming. The Policy division focuses on policy development, economic research, taxpayer education and communications. Compliance combines the efforts of legal process, audit compliance and other collection activities. Operations include processing operations, information technology, finance, budget, human resources and administrative services. The Department maintains six offices across the state in Lincoln, Omaha, Grand Island, Norfolk, North Platte and Scottsbluff that provide taxpayer assistance and services to the public.

The recommendation for the Department of Revenue provides for an overall reduction of 1.7% in FY 2009-10 and 0.3% reduction in FY 2010-11 compared to the current FY 2008-09 base appropriation. The General Fund recommendation represents a 13.2% reduction in FY 2009-10 and a 10.4% reduction in FY 2010-11.

Highlights of the recommendations include:

Agency Reorganization – Following an extensive analysis of its organizational structure, the Department of Revenue found that bold changes were needed to address the need for increased efficiency and to position itself for the ever changing arena of state tax administration. The department's reorganization effort has resulted in the elimination of budgeted positions, including five in senior management, and reduced the number of direct reports to the Tax Commissioner from 13 to 5. The reorganization has also produced savings by eliminating rent charges from the centralization of both human and physical resources. The department requested the reduction of \$702,103 General Funds and \$530,512 cash funds in each of FY 2009-10 and FY 2010-11 due to the cost savings achieved from the reorganization. The recommendation includes these reductions.

Home Energy Conservation Improvement Program – The department requested \$8,547,200 cash funds in each of FY 2009-10 and FY 2010-11 to implement the Home Energy Conservation Improvement Program, which was enacted during the 2008 legislative session. The Home Energy Conservation Improvement Program uses the state sales taxes remitted by entities producing, distributing, or transmitting electricity and pairs this funding with matching dollars generated by those entities to provide energy conservation grants to eligible low-income persons for installing an energy conservation improvement in their residence. The recommendation includes this funding.

Homestead Exemption – The Homestead Exemption program provides relief from property taxes to eligible persons by exempting all or a portion of the valuation of the homestead from taxation. The State reimburses local government for the taxes lost due to homestead exemptions. The department has indicated that the homestead exemption tax loss experienced by local governments to be reimbursed by the State during FY 2008-09 is \$14,870,104 less than was appropriated. This lower tax loss for the current fiscal year, coupled with the relatively low rate of growth estimated for the program for the next biennium, has resulted in a reduction in the appropriation needed to compensate counties of \$13,870,104 General Funds in FY 2009-10 and \$11,120,104 General Funds in FY 2010-11.

Lottery Administration – The Lottery Division of the Department of Revenue is a state-operated business enterprise generating proceeds for K-12 education, higher education scholarships, environmental grants, the Nebraska State Fair, and for the Compulsive Gamblers Assistance Fund. The Lottery's promotional and advertising budgets as well as the scratch game and online lottery vendor contracts are based on a percentage of lottery sales. The recommendation increases the cash fund appropriation for the Lottery Division \$281,700 in FY 2009-10 and \$290,100 in FY 2010-11 for problem gambling prevention, education, and awareness advertising. The recommendation includes \$212,000 cash funds in FY 2009-10 and \$380,000 cash funds in FY 2010-11 for lottery promotion and advertising activities. Finally, the recommendation provides \$938,337 cash funds in FY 2009-10 and \$1,220,742 cash funds in FY 2010-11 for increases in lottery vendor contract costs.

Revenue Enforcement Technology – The recommendation includes \$250,000 cash funds in each of FY 2009-10 and FY 2010-11 to enhance tax compliance technological resources such as acquiring lists, software, programming, and computer equipment. This additional compliance enforcement funding is made possible as a result of the recommended transfer of \$250,000 each year from the excess balance in the Severance Tax Administration Cash Fund to the department's Revenue Enforcement Cash Fund.

Property Tax Credit Program – The recommendation includes the appropriation of \$115 million in FY 2009-10 and FY 2010-11 to continue to provide property tax relief via the Property Tax Credit Act originally enacted in 2007. The Property Tax Credit Act provides a

real property tax credit based upon the valuation of each parcel of real property compared to the valuation of all real property in the state. The property tax credit is shown on tax statements as a credit after the full taxes levied. For example, in 2008 the total amount of credit available for statewide distribution was also \$115 million. This \$115 million appropriation to the property tax credit program for 2008 provided a credit of \$86.13 per \$100,000 of valuation.

Tobacco Products Administration

Cash Fund – Section 77-4025, R.R.S., provides that specific language be included in the biennial budget bill to lapse excess funds from the Tobacco Products Administration Cash Fund to the General Fund. The recommendation includes a transfer of \$7,000,000 each year from the Tobacco Products Administration Cash Fund to the General Fund to operationalize the lapse of excess funds during the 2009-2011 biennium.

Charitable Gaming Operations Cash Fund – Section 9-1,101, R.R.S., provides that specific language be included in the biennial budget bill to lapse excess funds from the Charitable Gaming Operations Cash Fund to the General Fund. The recommendation includes a transfer of \$250,000 each year from the Charitable Gaming Operations Cash Fund to the General Fund to operationalize the lapse of excess funds during the 2009-2011 biennium.

32 - Board of Educational Lands and Funds

Land Surveys - The recommendation includes reductions in General Funds of \$80,114 in FY 2009-10 and \$79,439 in FY 2010-11 as requested by the agency, including elimination of the Deputy Surveyor position and operating expense reductions. The recommendation includes a reduction of personal service limitation authority of \$56,203 in both FY 2009-10 and FY 2010-11.

Disputed Surveys - The recommendation includes a \$5,000 reduction of funding for activities involving disputed surveys as requested by the agency for both FY 2009-10 and FY 2010-11.

65 - Administrative Services

Director's Office - Administrative Services (AS) Director's Office re-organized various Division positions and functions and consolidated these efforts under the AS Director's office, effective with the 2007-2009 Biennium. One of the changes scheduled for this period was only

partially completed. A position that should have been moved from the CIO's office to the Director's office, while eliminated from the CIO's budget, was not included in the Director's office appropriation or personal services limitation for FY 2007-08 or FY 2008-09. The agency request and the Governor's recommendations for FY 2009-10 and FY 2010-11 corrects this error by increasing revolving fund appropriation \$64,111 and personal services limitation by \$63,875 in FY 2009-10 and by increasing revolving fund appropriation by \$65,949 and personal services limitation by \$65,472 in FY 2010-11.

Another change involves moving the cost for 0.5 FTE – an Attorney, from State Purchasing – AS Materiel Division, to the Central Legal function within the Director's office. This results in a revolving fund decrease in Materiel, and a corresponding revolving fund increase in the Director's Office of \$20,196 (\$15,149 personal services limitation) in FY 2009-10 and of \$20,908 (\$15,528 personal services limitation) in FY 2010-11. The recommendation reflects this change.

Base Adjustment - The recommendation also includes a revolving fund base adjustment, reducing the overall level of revolving fund appropriation by \$73,499 in FY 2009-10 and by \$146,799 in FY 2010-11.

Nebraska Information System (NIS) Debt Service Schedule - The final year of the NIS debt service schedule is FY 2008-09. The final payment on the debt will be made June 30, 2009. As a result, NIS revolving funds are reduced by \$1,098,911, and cash funds are reduced by \$162,824 in both fiscal years 2009-10 and 2010-11. The recommendation reflects completion of the debt service schedule.

State Building Division Lease Costs - The State Building Division within Administrative Services is responsible for repair and maintenance on all state-owned facilities, as well as leasing arrangements for state agencies occupying space in non-state-owned properties. The Master Lease for the 501 South 14th Street Building in Lincoln will be paid off by the end of FY 2008-09. Consequently, the Building Division will recognize a revolving fund savings of \$624,589 in both FY 2009-10 and FY 2010-11 from the reduction in overall lease payments.

Assurity Life (K Street Office) Building – The Legislature appropriated funds in FY 2007-08 to make a down payment on a K Street office building across from the Capitol. The purchase agreement allows the State to begin moving into the facility no earlier than calendar year 2010. The Building Division request and the recommendation includes additional revolving

fund appropriation of \$814,568 in FY 2010-11 in Program 560, in order to prepare for any renovations and/or maintenance necessary prior to moving agencies into the facility in the second half of FY 2010-11.

Building Rental Rates - The Building Division request recognizes an increase in the cost of outside leases of \$1,203,098 in FY 2009-10 and of \$2,509,526 in FY 2010-11. At the same time, the Division also anticipates adjusting rental rates to State agencies for rental of State property, resulting in decreases in requested revolving funds of \$973,881 in FY 2009-10 and of \$1,335,907 in FY 2010-11. The recommendation includes the impact of these two circumstances.

Vacant Building Fund Appropriations - The balance in the Vacant Building Fund is currently at a sufficient level to warrant an increase in cash fund appropriation to cover the cost of certain building demolitions. The recommendation includes an increase of \$191,500 cash funds in both FY 2009-10 and FY 2010-11.

Utility Costs - The Division budget request and the recommendation reflect an increased cost for utilities in State-owned facilities. The increased amounts are \$356,420 revolving funds in FY 2009-10 and \$725,524 revolving funds in FY 2010-11.

Change Architects & Engineers Costs from General Fund to Revolving - The Architectural and Engineering costs have been included in Building Division's indirect cost allocations within their rent base, which eliminates the need to separately pay for these services through General Funds. The recommendation reduces General Fund appropriation by \$505,657 in both FY 2009-10 and FY 2010-11 and increases revolving funds by a like amount.

Other Building Division Reductions - In an effort to maintain or reduce rental rates for State properties, the Building Division made a concerted effort to further reduce miscellaneous costs or absorb them within their budget. As a result, the Division request and the recommendation includes an overall reduction in revolving fund appropriation of \$534,634 in FY 2009-10 and \$1,347,936 in FY 2010-11.

Materiel Division - The Materiel Division (State Purchasing, Copy Center, Mail Room, Print Shop) included two significant cost changes in their budget request. First, the cost of paper products shows an anticipated increase of \$134,221 in FY 2009-10 and of \$288,575 in FY 2010-11. Second, the cost of postage shows an anticipated increase of \$176,841 in FY 2009-10 and of \$358,103 in FY 2010-11. The rec-

ommendation increases the Division's revolving fund appropriation for these changes.

State Personnel Division – Talent Management System – The Division proposes to implement a Talent Management System (TMS) composed of six elements which roughly correspond with the stages of the employee "life cycle." Those stages are recruiting and hiring a new employee, getting the new employee on-board, training, evaluating performance, offering a career path for promotion or lateral skill acquisition, and finally compensating the employee based on performance. The components of the software system are interconnected with each other and interface with NIS for better data gathering and reporting. The System will be financed from certain revolving fund cash transfers and existing revolving fund appropriation levels in AS Personnel, Accounting, and Workers' Compensation programs. The recommendation supports the financing and implementation of the proposed Talent Management System.

Transportation Services Bureau - The State Transportation Services Bureau (TSB) budget request seeks additional of \$749,901 revolving funds in FY 2009-10 and \$1,687,277 revolving funds in FY 2010-11 for the anticipated increased fuel costs in the coming biennium. The recommendation is half of these amounts, or \$374,951 in FY 2009-10 and \$843,639 in FY 2010-11.

Vehicle Purchases - The TSB also requested increased revolving fund appropriation for the higher costs related to vehicle purchases in the next two fiscal years. The Division request shows an increase of \$516,725 in FY 2009-10 and of \$1,033,450 in FY 2010-11. The recommendation sets the increases at half the requested amounts, or \$258,363 in FY 2009-10 and \$516,725 in FY 2010-11.

Risk Management - Workers' Compensation – FY 2008-09 Deficit Budget Request – The Division requested \$803,000 in State General Funds to pay the remainder of a settlement reached in the federal court case *Hirsh v Lecuona*. The Court awarded \$391,000 in actual damages, \$350,000 in punitive damages, and \$386,184 in front pay, plus costs and attorney fees. The State appealed the case but a settlement was reached between the Attorney General's Office and the plaintiff in the total amount of \$878,000. The settlement amount exceeds the fund appropriation balance for FY 2008-09 for Indemnification Claims. Of the \$878,000 total, \$75,000 will be paid upon finalization of the settlement and no later than December 31, 2008. The remaining \$803,000 of

General Funds is included in the recommendations as a FY 2008-09 deficit appropriation.

65 - Office of the Capitol Commission

The recommendation includes a reduction of \$31,276 General Funds in FY 2009-10 and \$61,472 General Funds in FY 2010-11.

65 - Office of the Chief Information Officer (CIO)

The Office of the CIO includes Program 101 – CIO, Program 170 – Intergovernmental Data Services (IDS), Program 172 – Information Management Services (IMS), Program 173 – Division of Communications (DOC), and Program 245 – Public Safety Communication System.

CIO Division Staffing Changes – The Division has requested and the Governor recommends changes in the assignment of various positions among Division programs. No net change in Division appropriation is required.

Loss of Cash Funding - The CIO Program 101 is primarily General Fund supported, with cash fund appropriations for certain staff and for Technology Grants. The cash funding source was the Information Technology Infrastructure Fund (ITIF), which received a portion of cigarette tax receipts. LB 322, Laws 2007, beginning July 1, 2008, directed these funds for use in establishing the Public Safety Communications System (Program 245). With the loss of cash funding for the Office of the CIO (Program 101), the CIO is reducing the cash fund appropriation to reflect this change. The program will reduce cash fund appropriations by \$367,036 in FY 2009-10 and by \$367,428 in FY 2010-11, eliminating the technology grants and other operational costs.

Rebase Revolving Fund Appropriation Levels in IMServices - Program 172 – IMServices revolving fund appropriations exceed estimated spending levels. The recommendation includes a reduction in the overall revolving fund appropriation level of \$8,000,000 in both FY 2009-10 and FY 2010-11.

Public Safety Communication System - The recommendation for this project separates the budget request into operating (Program 245)

and capital (Program 935) components. On the operating side, the recommendation for Program 245 reflects changes to the base year FY 2008-09 amounts to recognize the increases resulting from completing the Request for Proposal (RFP) process and selecting a vendor for the project. The new costs are based on the contract vs. original estimates and result in increases to the revolving fund appropriation of \$200,326 in FY 2009-10 and of \$574,802 in FY 2010-11. The inclusion of Nebraska Public Power District (NPPD) as a partner on the project, and utilizing FY 2008-09 carryover amounts to finance the tower costs allows the total General Fund costs for the capitalized tower sites in Program 935 to be reduced by \$498,589 in both FY 2009-10 and FY 2010-11. The State Fire Marshal, State Patrol, Department of Corrections, Department of Agriculture, Department of Roads, and Game and Parks Commission will also incur costs relative to this program which have been included in the recommendation for those agencies.

75 - Nebraska Investment Council

The recommendation includes an increase in cash funds of \$400,000 for FY 2009-10 and \$675,000 for FY 2010-11. The recommendation includes \$100,000 in personal services limitation for a non-classified senior level investment manager. The agency is expected to utilize the 31.2% biennial increase to manage the increasingly complex investment strategies facing the agency. No provision is included in the recommendation to grant performance-based incentives.

85 - Nebraska Public Employee's Retirement Systems

Administration - The recommendation includes the agency's budget request for the 2009-2011 biennium for Administration to reduce the cash funds by \$2,224,101 in FY 2009-10 and \$3,640,903 in FY 2010-11.

Board Member Expenses - The recommendation includes a reduction of cash funds by \$6,434 for each year. Over the last three years, the agency has not fully utilized the appropriations by an average of 31.9% or \$11,579. This provides the agency an appropriation level that is 21.2% higher than the three year average of expenditures.

Defined Benefit Plans Estimated Unfunded Liability - The recommendation includes a General Fund increase of \$541,651 for FY 2009-10 and \$1,021,449 for FY 2010-11. The Retirement System's consulting actuary has estimated that only the State Patrol Retirement Plan will require an additional contribution related to unfunded liability.

State Patrol Retirement Plan - A new benefit was added to the State Patrol Retirement Plan called Deferred Retirement Option Plan (DROP). The recommendation for State Patrol operations budget includes a General Fund reduction of \$86,449 in FY 2009-10 and FY 2010-11 as a result of savings realized by the State Patrol for those members who have chosen to enter DROP.

The recommendation for the State Patrol Retirement Plan includes an increase in General Fund of \$86,449 in FY 2009-10 and FY 2010-11.

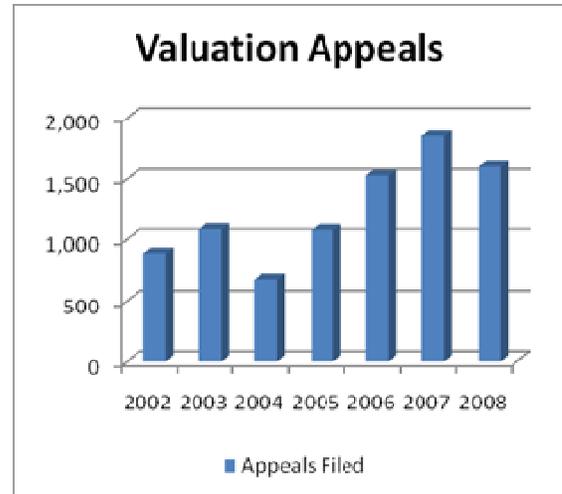
The remaining amount of additional contribution will be covered by an increase in the member contribution rate.

School Employee's Retirement Plan Match - The recommendation includes a General Fund increase of \$455,208 in FY 2009-10 and \$935,000 in FY 2010-11 to finance the State's "7/10 of 1%" match under the School Employees Retirement System and for the Class V School Employees Retirement plan and the Class V Service Annuity.

93 - Tax Equalization and Review Commission

The Tax Equalization and Review Commission is a constitutional agency created by Article IV, Section 28 of the Constitution of the State of Nebraska. The Commission has three primary duties: hearing and deciding valuation appeals, primarily from the 93 county boards of equalization; the equalization of real property assessments for purposes of taxation within each county; and hearing and deciding petitions from the county boards of equalization.

The last three years has brought a significant increase in the number of valuation appeals from taxpayers. The chart shows the number of valuation appeals received by the Commission each year since 2002. This increase has made it increasingly more difficult for the Commission to provide taxpayers with a timely resolution of their appeal.



Increased flexibility is provided to the Commission to address its number one priority-which is to resolve valuation appeals in a timely manner. An earmark for contract mediation has been revised to allow existing base appropriation to be used toward alternative methods for resolving appeals. Furthermore, the Commission will have the ability to utilize any unexpended carry-over reappropriation from FY 2008-09 to address the timely resolution of valuation appeals as well as any other agency priorities.

The recommendation for the Tax Equalization and Review Commission provides for an overall reduction of 5.2% in FY 2009-10 and 3.9% reduction in FY 2010-11 compared to the current FY 2008-09 base appropriation. The General Fund recommendation represents a reduction of 1.9% in FY 2009-10 and a 0.7% increase in FY 2010-11.

Public Safety

05 - Supreme Court

Judges Health Insurance and Other Benefits - The agency budget request and the recommendation provide for increases in the various state Judges' salary programs to accommodate higher costs for health insurance premiums, life insurance premiums and OASDI contribution increases. The total additional General Fund appropriation for all of the state Judges salary programs related to these benefits is \$246,153 in FY 2009-10 and \$455,792 in FY 2010-11.

Interpreter Usage - In 1999, the Nebraska Legislature passed Nebraska Revised Statute 25-2406, which made the Nebraska Supreme Court responsible for payment of and establishing standards for the interpreters in Nebraska Courts and Probation. Courts of Nebraska used 160 interpreter or interpreter groups in 21 languages, and paid \$1,043,259 for interpreter services in FY 2007-08, which was a 40% increase over the prior year. The recommendation includes additional General Fund appropriation of \$105,500 in FY 2009-10 and \$221,550 in FY 2010-11 for interpreter services.

Parenting Act Fund Authority - In 2007, the Legislature enacted LB 554, known as The Parenting Act. The program is to subsidize the cost of providing parenting plan mediation for indigent and lower income persons involved in Parenting Act cases. The initial funding for the program was established through a 2008 deficit request approved by the Legislature of \$280,000 in cash fund appropriation for FY 2008-09. The recommendation recognizes the need to increase the Parenting Act funding for the program, which is now fully operational. The recommendation provides an increase in cash fund appropriation of \$140,000 in both FY 2009-10 and FY 2010-11.

Personal Vehicle Mileage Rate - The State of Nebraska has a county and district court in each of its 93 counties. There are 58 county Judges and 55 district court Judges to cover the state, creating a need for travel for almost every Judge within the state. The recommendation includes increased appropriation for county and district court Judges' travel, relative to mileage reimbursement, of \$39,514 in FY 2009-10 and \$85,349 in FY 2010-11.

11 - Attorney General

The recommendation for the Attorney General includes an increase of \$1,446 General Funds in FY 2009-10 and \$3,205 General Funds in FY 2010-11 due to an increase for health insurance costs for the Attorney General each year.

State Settlement Cash Fund - The recommendation includes a reduction of \$250,000 cash funds from the State Settlement Cash Fund for both FY 2009-10 and FY 2010-11 to pay for Attorney General's Office internet safety enforcement expenses, public service announcements, and training costs allowed under the settlement agreement between the State of Nebraska and Yahoo.

The recommendation includes additional funding of \$100,000 cash funds from the State Settlement Cash Fund for both FY 2009-10 and FY 2010-11 to provide educational resources to inform consumers on how to protect themselves from fraud and identity theft; and to add one attorney to continue the prosecution of perpetrators of consumer fraud and identity theft.

Interstate Water Litigation - The recommendation includes additional funding of \$1,000,000 General Funds for FY 2009-10 to pay for legal expenses associated with interstate water litigation.

Byrne Grant Funding - The recommendation includes a federal fund increase of \$450,677 in FY 2009-10, and a federal fund increase of \$480,677 in FY 2010-11 to annualize the cost of providing one-time State assistance in FY 2008-09 for local Byrne grant recipients.

Legal Services Bureau - The recommendation includes additional funding of \$122,880 General Funds in FY 2009-10 and \$127,060 General Funds in FY 2010-11 for a Legal Services Bureau attorney being transferred back to the Bureau from the former School Finance Litigation Program.

The recommendation includes additional funding of \$50,000 cash funds for both FY 2009-10 and FY 2010-11 for Tobacco Master Settlement Agreement Enforcement funding as requested from the Health Care Cash Fund for arbitration ordered by the Supreme Court whether the State of Nebraska "diligently enforced" its escrow statute applicable to nonparticipating manufacturers.

15 - Nebraska Board of Parole/Board of Pardons

The recommendation increases the General Fund appropriation by \$8,102 in FY 2009-10 and \$19,002 for FY 2010-11. This increase is for the salaries of the board members and also reflects a small decrease in operating costs.

21 - State Fire Marshal

The recommendation includes additional funding of \$124,055 General Funds and \$27,230 cash funds for FY 2009-10 and \$138,176 General Funds and \$30,330 cash funds for FY 2010-11 to pay operation costs related to the Nebraska Public Safety Communications System.

30 - State Electrical Board

The recommendation includes a reduction of \$1,800 cash funds for both FY 2009-10 and FY 2010-11 to reflect agency requested travel reductions. The agency plans to schedule staff meetings in conjunction with other conference meetings resulting in savings on additional nights of lodging.

31 - Military Department

Governor's Emergency Program – FY 2008-09 Deficit Budget Request - An analysis of the past Federal Disaster Declarations in Nebraska shows that since 1999, Nebraska has received eighteen (18) declarations--an average of two declarations per calendar year. The average yearly cost for the state share of the disaster costs for this time span has been \$1,222,899 per year. The average cost 1999-2005 was \$814,963 per year and 2006-to the present has been \$2,310,425 per year. Since 2006, Nebraska and its communities have experienced the most active and costly disasters in state history. A listing of the disasters shows the following state and Federal declarations:

The recommendation includes transferring \$10 million from the Cash Reserve Fund to the Governor's Emergency Cash Fund and increasing the cash fund appropriation by \$10 million. This will provide for the \$5,000,000 of current and anticipated obligations through June 30, 2009, as well as establish a \$5,000,000 reserve balance for future obligations.

In addition, the recommendations restore the General Fund appropriation level in the Governor's Emergency Program, which was reduced from \$1,000,000 in FY 2007-08 to \$500,000 per year, back to the \$1,000,000 appropriation level for both FY 2009-10 and FY 2010-11.

This ongoing General Fund appropriation will serve to address some measure of Nebraska's annual average disaster costs and preserve the Governor's Emergency Cash Fund balance and our preparation for unanticipated disasters and emergencies.

<i>Federal Disaster</i>	<i>Location</i>	<i>Current State Obligations</i>
FEMA-DR1674	Central Nebraska Ice Storms, Dec. 2006	\$ 130,554.66
FEMA-DR1706	Central Nebraska Storms/Flooding, June 2007	\$ 821,000.26
FEMA-DR1714	Central Nebraska Storms/Flooding, July 2007	\$ 369,628.45
FEMA-DR1721	Western Nebraska Storms/Flooding, Aug. 2007	\$ 165,145.00
FEMA-DR1739	S.E Nebraska Storms/Flooding, Jan. 2008	\$ 212,491.20
FEMA-DR1765	S.E. Nebraska Storms/Flooding, May 2008	\$ 67,381.78
FEMA-DR1770	Central Nebraska Storms/Flooding/Tornado June 2008	\$3,531,250.00
FEMA-DR1779	Eastern Nebraska Storms/Flooding July 2008	\$ <u>421,600.75</u>
<u>Current Obligations:</u>		\$5,719,052.10
<u>Less Program General Fund Appropriation Balance at 9/30/08:</u>		\$1,600,253.07
<u>Obligated Balance:</u>		\$4,118,799.03
<u>Nov 2008-June 2009 est. funding needs:</u>		\$ 881,200.97
<u>Estimated Deficit Request for FY 2008-09:</u>		\$5,000,000.00

37 - Workers' Compensation Court

The recommendation includes \$18,044 increase in federal funds for FY 2009-10 to accommodate a grant from the Department of Labor.

The agency requested a reduction of \$30,000 cash funds in FY 2009-10 and \$30,000 cash funds in FY 2010-11 of unexpended re-appropriated funds for technology improvements is included.

No additional appropriations are included for new facility rent or courtroom technology in a new facility.

46 - Department of Correctional Services

Adult Operations - The recommendation includes of FY 2008-09 deficit increase of General Funds \$7,702,752 and personal services limitation of \$134,000. The deficit is provided to address 2007-09 biennium costs and establish a new base level of funding so the agency can continue to provide for the custody, control, care, discipline, training and the correctional treatment and rehabilitation of persons committed to state correctional institutions while providing for the safety and well-being of all the citizens of Nebraska.

The recommendation for Adult Operations includes a General Fund increase of \$8,852,381 for FY 2009-10 and \$14,158,524 for FY 2010-11, a federal fund increase of \$581,241 for FY 2009-10 and \$600,441 for FY 2010-11, a revolving fund increase of \$270,873 for FY 2009-10 and \$439,689 for FY 2010-11, and a personal services limitation increase of \$2,904,001 for FY 2009-10 and \$4,858,664 for FY 2010-11.

The recommendation includes the following:

- An increase of General Funds for inmate per diem, food and medical costs for FY 2009-10 in the amount of \$2,477,211 and for FY 2010-11 in the amount of \$3,405,465.
- The appropriation necessary to fund the third part of a mental health and substance abuse alternative enacted in the 2007-2009 budget. The increase for FY 2009-10 is \$586,830 in General Funds and personal services limitation of \$404,428 and for FY 2010-11 is \$615,363 in General Funds and personal services limitation of \$414,539. This equals a total of 12 additional FTEs over the biennium.

- An increase in General Funds for FY 2009-10 of \$80,000 and for FY 2010-11 of \$120,000 for the monitoring of Lifetime Sexual Offenders.
- An increase for FY 2009-10 in General Funds of \$233,564 and personal services limitation of \$202,835 and for FY 2010-11 in General Funds of \$268,521 and personal services limitation of \$233,705, for increases in teacher salaries and benefits.
- Additional General Funds of \$18,054 for FY 2009-10 and \$5,136 for FY 2010-11 for new radio equipment and ongoing operational costs for the Public Safety Communications System that will be utilized by the department.
- An increase in General Funds for FY 2009-10 of \$1,483,920 and for FY 2010-11 of \$1,726,488 for increased operational costs related to communications, facility repair and maintenance, equipment fund and utilities.
- An increase in General Funds of \$161,849 for FY 2009-10 and \$227,738 for FY 2010-11 for increased operational costs related to Administrative Services rate changes.
- Additional funds are recommended for employee salary and health benefits. This includes an increase in General Funds of \$3,820,421 for FY 2009-10 and \$7,799,281 for FY 2010-11, federal funds of \$14,997 for FY 2009-10 and \$27,720 for FY 2010-11 and revolving funds of \$170,860 for FY 2009-10 and \$335,946 for FY 2010-11. Personal services limitation is increased by \$2,079,651 for FY 2009-10 and \$3,986,175 for FY 2010-11.
- An increase in estimated federal funds of \$130,570 and personal services limitation by \$86,404 for FY 2009-10 and estimated federal funds of \$137,047 and personal services limitation of \$90,292 for FY 2010-11. The agency operates as a Rule 10 high school and is thus able to receive partial federal funding for the education program.
- An increase in estimated federal funds of \$435,674 and personal services limitation by \$32,368 for FY 2009-10 and estimated federal funds of \$435,674 and personal services limitation by \$33,177 for FY 2010-11. The agency has received grants from the federal govern-

ment and expects to continue to receive these grants in the next biennium.

- An increase to revolving funds of \$99,983 and personal services limitation by \$72,000 for FY 2009-10 and revolving funds of \$103,743 and personal services limitation by \$73,803 for FY 2010-11 for additional Correctional Industries supervisory staff at Omaha and Tecumseh.
- An increase to personal services limitation of \$26,315 for FY 2009-10 and \$26,973 for FY 2010-11 to convert a temporary employee in the IT department of the agency to a full time employee.

Community-Based Services - The recommendation includes an increase in cash funds of \$160,848 for FY 2009-10 and \$61,632 for FY 2010-11. This increase is to fund the purchase of new radio equipment and ongoing operational costs for the Public Safety Communications System that Parole officers will utilize.

Building Depreciation - The recommendation includes a reduction each year of General Funds in the amount of \$928,871 and in revolving funds in the amount of \$26,007. These reductions are the result of suspension of LB 1100 depreciation assessments for the 2009-2011 biennium.

64 - Nebraska State Patrol

Aircraft Replacements – An aging fleet of three fixed wing aircraft is a concern for the agency as each of the aircraft has over 10,000 hours of flight time. Two of these aircraft were manufactured in 1980. The recommendation allows for the replacement of these three aircraft, with one planned to be purchased in FY 2008-09 using existing cash fund appropriation in Program 325 – Operational Improvements, and Public Safety (Seizure) cash fund balances; a second in FY 2009-10, using seizure funds and an increased cash appropriation in Program 325 of \$580,000; and the third being purchased in FY 2010-11, using seizure funds and an increased cash fund appropriation in Program 325 of \$609,000.

Fuel Costs - Due to the rising prices for fuel during the first three quarters of 2009, the agency budget request seeks \$931,000 in increased appropriations each fiscal year for potential fuel cost changes. The recommendation recognizes the uncertainty over fuel prices, but given the current price of gasoline and the economic conditions in the state, reduces the agen-

cy request by half for FY 2009-10 and FY 2010-11.

Public Safety Communication System

- A vendor has been selected for the new Public Safety Communication System Project and the CIO operating cost retainer fees for radio, equipment and operating costs for the agency have been re-evaluated. The recommendation provides for a net increased appropriation in Programs 325 and 850 combined, of \$1,314,406 in FY 2009-10 and of \$1,611,242 in FY 2010-11, with carryover reappropriation authority for unspent amounts from FY 2008-09 in Program 325 for the Dispatch Center and Shop Equipment.

Vehicle Liability Insurance – The risk management assessment for Motor Vehicle Liability Insurance to the State Patrol will increase by \$302,000 for both FY 2009-10 and FY 2010-11 to recognize the specific cost of coverage for hot pursuit liability under current Nebraska law for the State Patrol. The recommendation includes this increase.

Staffing Reductions - With the increases to the agency from salaries, health insurance, vehicle liability, fuel, and other areas, the State Patrol implemented a plan of staffing reductions managed by not filling 20 current Trooper vacancies over the next two fiscal years. The net savings from these reductions will be \$1,787,560 in FY 2009-10 and \$1,836,140 in FY 2010-11. The recommendation includes these savings.

67 - Equal Opportunity Commission

The recommendation includes an additional \$10,000 in federal appropriation for FY 2009-10 and for FY 2010-11, for investigator training. The recommendation concurs with the agency suggestion of reducing building space to help provide flexibility to deal with budget adjustments necessary in the next two years.

77 - Commission of Industrial Relations

The recommendation includes a requested transfer of \$7,971 for Commissioner Expenses from Administration for FY 2009-10 and FY 2010-11. The agency-requested decrease for a one-time furniture allowance is also included.

78 - Nebraska Commission on Law Enforcement and Criminal Justice

Law Enforcement Training Center

Depreciation - The Law Enforcement Training Center will be assessed the "LB 530" depreciation rates rather than the "LB 1100" depreciation rates being used for the facility. This causes an increase of \$232,627 in depreciation charges to the agency for the Training Center for both FY 2009-10 and FY 2010-11. The recommendation includes funding for this change in depreciation assessment.

Community Corrections Council Uniform Data Analysis - The Community Corrections Uniform Data Analysis Cash Fund is to be used to support operations related to the implementation and coordination of the uniform analysis of crime data pursuant to the Community Corrections Act. A uniform data analysis fee is imposed on court filings and this fee is credited to the fund. The fee revenue generated is slightly more than the current Program 220 cash fund appropriation amount. The recommendation allows the agency to increase the cash fund appropriation in both FY 2009-10 and FY 2010-11 by \$64,440 to utilize these funds.

94 - Commission on Public Advocacy

Legal Ed Public Service Loan Re-

payment - The Commission budget request reflects a \$200,000 increase in cash appropriation for potential spending for both FY 2009-10 and FY 2010-11, in anticipation of gifts and/or donations to the Public Advocacy Cash Fund for the Legal Education for Public Service Loan Repayment program. The recommendation does not include this cash appropriation increase as the donations have not yet been provided and current law will allow for the administrative increase in cash fund appropriation, upon approval by the Governor, of a gift, donation or bequest, when such gift(s) or donation(s) occur.

Transportation

17 - Department of Aeronautics

The recommendation includes additional cash funds of \$500,000 in FY 2009-10 for a

Federal Aviation Administration required Airport Improvement Program grant to McCook, Chadron and approximately 10 other Nebraska communities to mark airport taxiways to prevent pilots from mistaking the taxiway for the runway.

The recommendation includes both specific agency-requested reductions and increases that total to an overall net reduction of \$413,054 cash funds in FY 2009-10 and an overall net reduction of \$369,717 cash funds in FY 2010-11.

24 - Department of Motor Vehicles

The recommendation includes agency-requested cash fund reductions of \$314,496 in FY 2009-10 and \$290,634 in FY 2010-11 to annualize the cost adjustments to the information technology budget reflecting both rate changes and budget reallocation for communications, data processing and rent expense of data processing equipment.

The recommendation includes agency-requested cash fund reductions of \$40,000 for both FY 2009-10 and FY 2010-11 to annualize the adjustments due to a reduction in the use of contract hearing officers for Administrative License Revocation hearings.

The recommendation includes both an agency-requested cash fund increase of \$926,531 in FY 2009-10 and a cash fund decrease of \$246,058 in FY 2010-11 to annualize the cost of Laws 2008, LB 911A. The funding is provided to correct funding levels for development, implementation, and maintenance processes for the issuance of operators' licenses and state identification cards designed to protect the identity of holders of such licenses and cards.

The recommendation for the Highway Safety Program is the same as the FY 2008-09 appropriation. Legislation is being introduced to transfer the Highway Safety Program – 644 responsibilities for the child restraint and occupation protection system to the Department of Roads.

2011 License Plate Issuance - The recommendation includes additional cash funds of \$3,972,248 and \$5,998,268 for FY 2009-10 and FY 2010-11 for a 2011 plates and stickers issuance cycle beginning January 1, 2011. The

manufacturing process for the new plates will begin during FY 2009-10.

27 - Department of Roads

The total cash fund recommendation for the Department of Roads over the 2009-2011 biennium, including operations, government aid, highway construction, and capital facilities construction is based on a motor fuel tax level of 26 cents per gallon, with the Nebraska Department of Roads receiving 73% of the fuel tax revenues, and the remaining balance of 27% being shared 50/50 with the cities and the counties of Nebraska. Federal funds are based on a continuation level, assuming Congress provides full funding for federal fiscal year 2009, at approximately \$235 million.

The recommendation includes a highway construction program of \$375 million for FY 2009-10 and \$370 million for FY 2010-11. The department requested General Funds to finance State Patrol Carrier Enforcement Operations instead of using state gas tax revenue for that purpose. The recommendation includes \$7.1 million General Fund transfer in FY 2009-10 and \$7.2 million General Fund transfer in FY 2010-11 to the Roads Operations Cash Fund for funding requirements of the State Patrol Carrier Enforcement Operations.

In order for Department of Roads to achieve an increase in the funding for the construction and maintenance of roads, a total of \$14.5 million of internal budget resources were reallocated in each year of the biennium through efficiencies, suspensions, reductions, cost avoidances, or a change in service. The agency requested reallocations include:

- \$5 million reduction in purchasing of heavy road equipment, pickups, vans, and cars for both years of the biennium; elimination in both FY 2009-10 and FY 2010-11 of \$5 million in new building construction projects;
- \$1 million reduction of personnel and benefits for 20 FTE positions in both FY 2009-10 and FY 2010-11;
- \$2 million reduction in both years of the biennium for contractual services of information technology workers and other services;

- \$1 million reduction of highway maintenance contracts in both FY 2009-10 and FY 2010-11;
- reduction of \$100,000 each for both years of the biennium, for reduced out-of-state travel and reduced fuel costs for mowing and mow outs;
- \$100,000 reduction for elimination of taking home of vehicles by maintenance supervisors/superintendents in both FY 2009-10 and FY 2010-11; and,
- a reduction of \$80,000 and \$50,000 respectively in the elimination of the annual Snow Roadeo and the printing of state road maps both years of the biennium.

The recommendation also includes an agency requested funding increase of \$2,850,806 revolving funds for FY 2009-10 and a funding reduction of \$2,850,806 revolving funds for FY 2010-11 for Rail Line Assistance Act; and no change in General Funds for per diems of the Branch Rail Council, dues of the Midwest Interstate Passenger Rail Compact, or cash funds to Transit Aid for Mass Transit, and Transit Aid for Intercity Bus Service.

40 - Nebraska Motor Vehicle Industry Licensing Board

The recommendation for the Nebraska Motor Vehicle Industry Licensing Board is the same as the FY 2008-09 appropriation.

Enterprise Issues

State Employee Salary and Health Benefit Costs

The bargaining process was not completed with state employees represented by Nebraska Association of Public Employees Local 61 of the American Federation of State, County, and Municipal Employees (NAPE/AFSCME), the State Code Agency Teacher's Association (SCATA), and the State Law Enforcement Bargaining Council (SLEBC), in time for the details

of any agreement or the impact of the contracts on individual employees to be included in this publication.

The budget recommendations are based upon an increase of 2.5% for State employee salaries and an average increase of 10% in State employee health insurance costs for each year of the 2009-2011 biennium in the determination of the Governor's recommended operations funding level for each State agency, board, and commission.

The two-year cost of a 2.5% increase in non-higher education State employee salaries and an average increase of 10% in the employer share of non-higher education State employee health insurance is approximately \$49.9 million General Funds, \$27.9 million cash funds, \$22.8 million federal funds, and \$3.9 million revolving funds. Total costs are estimated at \$104.5 million.

The budget requests of the University, State College, and community college systems are premised upon the receipt of additional General Fund appropriations to support an increase in employee/faculty salary and health insurance costs. The two-year General Fund costs for a similar 2.5% increase in higher education salaries and an increase of 10% in the employer share of employee health insurance costs is estimated at \$50.0 million.

The recommendations for the University, State College, and community college system provide for a 1% increase each year in General Fund appropriations. The anticipated cost of employee salary and health benefit costs must be addressed by these institutions from this restricted level of appropriations and other resources available at these institutions.

State agencies under the direct supervision of the Governor were required by the Governor to submit budget requests for the 2009-2011 biennium that recognized the downturn in the economy and low growth to be forecasted for tax receipts for the upcoming 2009-2011 biennium. Their requests presented budget adjustment issues in an effort to meet the anticipated increase in salary and health costs and require no or minimal increase in appropriations.

The budget recommendations for most state agencies provide no or minimal increase in appropriations for the 2009-2011 biennium. The

anticipated cost of employee salary and health benefit costs must be addressed by the individual agencies, boards, and commissions from the restricted level of appropriations possible during these difficult economic times.

Additional funds have not been recommended to provide salary increases for elected constitutional officers or appointed judges whose salary amounts are provided for in state law.

Administrative Services Assessments to State Agencies

State Accounting Assessment –

Overall, the Administrative Services Accounting Division will assess state agencies a total of \$1,644,81 less in FY 2009-10 than in FY 2008-09 and a total of \$1,417,386 less in FY 2010-11 than in FY 2008-09 for rates based on Accounting Division costs to support the Nebraska Information System (NIS) and corresponding functional accounting areas, as well as the NIS debt elimination. These amounts include overall reductions from FY 2008-09 in accounting assessments of \$506,340 in FY 2009-10 and of \$278,907 in FY 2010-11 and a reduction of \$1,138,479 in both FY 2009-10 and FY 2010-11 as a result of completing the NIS debt payoff in FY 2008-09. The lower overall accounting assessments have not resulted in specific Governor recommendations to reduce given agency appropriation levels, in an effort to provide agencies more flexibility to address other costs under the restricted appropriations level for operations in the 2009-2011 biennium.

Vehicle Liability Assessment – Overall, excluding the University of Nebraska, the Administrative Services Risk Management Division assessments for motor vehicle liability insurance premiums for FY 2009-10 and FY 2010-11, reflect adjustments due to an actuarial study, which identified actual claims and loss history for each state agency. The overall motor vehicle liability insurance premiums totals for both FY 2009-10 and FY 2010-11 decreased by \$257,343 from the FY 2008-09 base year. While most agencies will experience a decrease in their assessment for motor vehicle liability insurance premiums due to these actuarial adjustments for loss history, the recommendation

recognizes and includes the need for an additional General Fund appropriation of \$302,174 to the Nebraska State Patrol in both FY 2009-10 and FY 2010-11, to accommodate a significant increase in their motor vehicle liability insurance premium assessment. The lower overall premiums have not resulted in specific recommendations to reduce agency appropriation levels, in an effort to provide agencies more flexibility to address other costs under the restricted appropriations level for operations in the 2009-2011 biennium.

Workers' Compensation Assessment

– The Administrative Services Risk Management Division assessments for workers' compensation premiums for FY 2009-10 and FY 2010-11, reflect adjustments due to an actuarial study, which identified actual claims and loss history for each state agency. The overall workers' compensation premium assessment totals for both FY 2009-10 and FY 2010-11 decreased by \$522,647 from the FY 2008-09 base year. While most agencies will experience a decrease in their assessment for workers' compensation premiums due to these actuarial adjustments for loss history, the recommendation recognizes and includes the need for an additional General Fund appropriation of \$202,046 to the Department of Correctional Services in both FY 2009-10 and FY 2010-11 to accommodate a significant increase in their workers' compensation assessment. The lower overall workers' compensation assessments have not resulted in specific recommendations to reduce agency appropriation levels, in an effort to provide agencies more flexibility to address other costs under the restricted appropriations level for operations in the 2009-2011 biennium.

Capital Construction



Capital Construction

The following summaries are categorized as either reaffirmation projects, or new capital requests. Because of the current tax receipt forecasts, the need to reserve funding for continued economic uncertainties, and a priority for maintaining State services and individual aid programs, the recommendation for use of state tax receipts or reserve funds for additional new construction projects, is limited.

Reaffirmations

Reaffirmation projects are on-going undertakings that have received appropriations in prior periods. Reaffirmations are made to address legislative intent language to pay down debt service or continue long-term projects intended to be completed in future years. Total funding recommendations include \$77,291,609 for FY 2009-10 and \$67,594,724 for FY 2010-11. Included in these total amounts are \$13,152,233 General Fund for FY 2009-10, and \$13,152,233 General Fund for FY 2010-11. The remaining funds are composed of primarily cash funds, with \$35,620,618 in FY 2009-10 and \$38,205,151 in FY 2010-11, federal funds of \$10,066,087 in FY 2009-10, revolving funds of \$5,951,330 for FY 2009-10 and \$2,157,340 for FY 2010-11, and Nebraska Capital Construction Funds (NCCF) of \$12,501,341 for FY 2009-10 and \$14,080,000 for FY 2010-11. In addition, \$283,713,540 is scheduled to be reaffirmed from all fund types in future biennia.

The projects to be reaffirmed include:

Capitol Masonry Project - Laws 2006, LB 1060 identifies legislative intent regarding funding for the Capitol Masonry Project (AS Program 939) through FY 2010-11, with General Funds used through FY 2006-07 and Nebraska Capital Construction Funds (made available from a portion of the \$75 million transfer from the Cash Reserve fund to the NCCF in FY 2007-08, for fiscal years 2007-08 through 2009-10). The annual project funding ends in FY 2009-10 and the project is scheduled for completion in FY 2010-11.

Nebraska Educational Telecommunications Commission (NETC) - The FY 2009-10 recommendation includes \$4,692,327 in NCCF to complete payment of obligations related to the lease of satellite transponder capacity and NET's conversion to digital television. The final satellite lease payment and the final debt service payment for the conversion project will be made in January, 2010.

Higher Education Renovation

Projects - The recommendation includes \$1,125,000 General Funds in each year of the biennium to provide funds to repay bonds issued by the State Colleges following the passage of LB605 in 2006. The state funding is matched by student fees of \$1,200,000 each year. The bond funding enabled the State Colleges to accomplish significant renovation projects at each of the three colleges.

For the University, the recommendation includes \$11 million General Funds in FY 2009-10 and \$11 million General Funds in FY 2010-11 to repay bonds related to the LB605 projects. The \$11 million represents a doubling of the funding the state has been providing to the University for previously bonded projects authorized in 1998 through LB 1100. University student fees provide matching funds of \$11 million in FY 2009-10 and \$11 million in FY 2010-11 to repay the construction bonds. LB 605 funding provided for major renovation projects at each of the four main campuses of the University.

Public Safety Communication System - AS Program 935 captures the capital costs associated with establishing a state-wide communication system. The costs include towers, transmission and receiving equipment. The final bid for the project was accepted in August, 2008. The recommendation for the upcoming biennium provides the master lease cost of towers and tower equipment. State General Funds for Program 935 would be \$1,027,233 for both FY 2009-10 and FY 2010-11, assuming a utilization of available General Funds of \$3,051,644 in the current fiscal year, utilizing the FY 2008-09 appropriation.

Parking Garage Expansion – The FY 2009-10 recommendation includes \$2,169,630 in state revolving funds to complete an early payoff of obligations related to the master leases for the construction of additional parking levels to the state's east and south garage structures in Lincoln.

Executive Building Purchase – The FY 2009-10 recommendation includes \$1,624,360 in state revolving funds to complete an early payoff of obligations related to the master leases for the purchase of the building and adjacent parking structure in Lincoln.

Capitol Environs Property Purchase – Laws 2007, LB 320, Section 45 identifies legislative intent regarding the acquisition of property located within the Nebraska Capitol Environs District no sooner than FY 2010-11 and no later than FY 2012-13, utilizing Nebraska Capital Construction Funds. The FY 2010-11 recommendation includes \$10,980,000 to meet the minimum purchase year for the building, and \$2,100,000 set aside for moving-related set up and equipment costs.

309 Task Force – The FY 2009-10 and FY 2010-11 recommendation includes \$24,620,618 for FY 2009-10 and \$27,205,151 for FY 2010-11 for funding the continuation of the Deferred Building Renewal Act.

New Capital Construction

New capital requests are undertakings that will be initiated in the new biennium. Total funding recommendations include \$11,766,250 for FY 2009-10 and \$8,934,479 for FY 2010-11. Included in these amounts are \$1,855,000 General Funds in FY 2009-10 and \$1,500,000 General Funds in FY 2010-11. The remaining funds are composed of primarily cash funds, with \$6,447,250 in FY 2009-10 and \$5,717,000 for FY 2010-11, revolving funds of \$2,350,000 in FY 2009-10 and \$825,000 in FY 2010-11, and the Nebraska Capital Construction Fund of \$1,114,000 in FY 2009-10 and \$892,479 in FY 2010-11. In addition, \$1,500,000 is scheduled to be reaffirmed from all fund types in future biennia.

New capital construction projects include:

NETC Media Project - The recommendation includes \$114,000 from NCCF in FY 2009-10 to allow NET to accomplish phase II of the public media project begun in FY 2007-08. The funding will provide for software and storage components that will complement the communications technology redesign at the Capitol and

at NET. It will allow creation of a repository for video content produced by educational and non-profit organizations within the state.

Security System Upgrades – The recommendation for FY 2009-10 is \$1,855,000 General Funds, and for FY 2010-11 is \$1,500,000 General Funds with a future request of \$1,500,000 General Funds to upgrade security systems at various facilities for the Department of Correctional Facilities.

Central Heating Plant Replacement – The recommendation for FY 2009-10 is \$750,000 state building revolving fund and for FY 2010-11 is \$825,000 state building revolving fund to replace the central heating plant at the Norfolk Regional Center with a new plant, relocated to Building 16 on the campus.

Utility Improvements Statewide – The recommendation for FY 2009-10 is \$1,600,000 revolving fund for utility improvements and upgrades for the Department of Health and Human Services facilities statewide.

State Capitol Elevators – The recommendation for FY 2009-10 is \$1,000,000 NCCF and for FY 2010-11 is \$892,479 NCCF for repairing and upgrading the four tower elevators in the Nebraska State Capitol building.

Capital Construction Request/Recommendation Summary

2009-2011 Biennium

Ag#/Ag. Name	Prog#	Project Description	Fund	REQUESTED			RECOMMENDED		
				FY 2009-10	FY 2010-11	FUTURE	FY 2009-10	FY 2010-11	FUTURE
NEW REQUESTS									
25-HHS	929	CD-Treatment & Secure Care Facility	General	2,000,000	10,000,000	5,929,433	0	0	0
	919	YRTC Kearney Dorm Renovations	General	948,924	948,924	0	0	0	0
	915	WNVH-Dementia Unit & Assisted Living Renovation	General	450,000	2,047,750	0	0	0	0
			Federal	0	4,592,250	0	0	0	0
	Agency Total		General	3,398,924	12,996,674	5,929,433	0	0	0
		Federal	0	4,592,250	0	0	0	0	
			3,398,924	17,588,924	5,929,433	0	0	0	
31-Military	911	Pershing Armory	General	0	765,341	0	0	0	0
			Federal	0	2,297,020	0	0	0	0
	912	Fremont Readiness Center	General	186,750	0	2,261,975	0	0	0
			Federal	560,250	0	6,785,925	0	0	0
	Agency Total		General	186,750	765,341	2,261,975	0	0	0
		Federal	560,250	2,297,020	6,785,925	0	0	0	
			747,000	3,062,361	9,047,900	0	0	0	
33-Game & Parks	901	State Park Maintenance	Cash	300,000	300,000	0	300,000	300,000	0
	981	Aquatic Habitat Improvements	Cash	3,000,000	3,000,000	0	3,000,000	3,000,000	0
	971	Special Use Areas	Cash	325,000	325,000	0	325,000	325,000	0
	973	Fish Production	Cash	1,000,000	1,000,000	0	1,000,000	1,000,000	0
	Varies	Various Statewide Projects - See Detail	General	150,000	150,000	0	0	0	0
			Cash	1,822,250	1,092,000	0	1,822,250	1,092,000	0
	Agency Total		General	150,000	150,000	0	0	0	0
		Cash	6,447,250	5,717,000	0	6,447,250	5,717,000	0	
			6,597,250	5,867,000	0	6,447,250	5,717,000	0	
46-DCS	913	Security System Upgrade - Various Facilities	General	1,855,000	1,500,000	1,500,000	1,855,000	1,500,000	1,500,000
47-NETV	923	Public Media Project - Terry Carpenter Bldg	General	114,000	0	0	0	0	0
			NCCF	0	0	0	114,000	0	0
			Agency Total	General	114,000	0	0	0	0
		NCCF	0	0	0	114,000	0	0	
			114,000	0	0	114,000	0	0	
50-State Colleges	952	WSC - Carhart Science Bldg. Renovation	General	15,503,884	0	0	0	0	0
	909	WSC - U.S. Conn Library Planning	General	150,000	0	0	0	0	0
	935	CSC - Armstrong Renovation & Addition	General	0	12,702,668	0	0	0	0
Other			0	2,000,000	0	0	0	0	
50-State Colleges	933	CSC - Rangeland Center	General	0	3,397,260	0	0	0	0

Capital Construction Request/Recommendation Summary

2009-2011 Biennium

Ag#/Ag. Name	Prog#	Project Description	Fund	REQUESTED			RECOMMENDED		
				FY 2009-10	FY 2010-11	FUTURE	FY 2009-10	FY 2010-11	FUTURE
cont.			Other	0	2,000,000	0	0	0	0
	996	PSC - Athletic Complex Planning	General	30,000	30,000	0	0	0	0
			Agency Total	General	15,683,884	16,129,928	0	0	0
				Other	0	4,000,000	0	0	0
					15,683,884	20,129,928	0	0	0
51-University	904	College of Nursing - Lincoln	General	1,000,000	7,400,000	9,100,000	0	0	0
	930	NCTA - Education Center Building	General	770,800	3,177,486	4,813,714	0	0	0
			Agency Total	General	1,770,800	10,577,486	13,913,714	0	0
65-Admin. Services	981	Norfolk Regional Cent.-Central Htg. Plnt Replacement	Revolving	750,000	825,000	0	750,000	825,000	0
	980	Utility Improvements for HHS - Statewide	Revolving	1,600,000	0	0	1,600,000	0	0
	982	State Capitol Elevators	General	1,000,000	892,479	0	0	0	0
	982	State Capitol Elevators	NCCF	0	0	0	1,000,000	892,479	0
			Agency Total	General	1,000,000	892,479	0	0	0
				NCCF	0	0	1,000,000	892,479	0
				Revolving	2,350,000	825,000	0	2,350,000	825,000
					3,350,000	1,717,479	0	3,350,000	1,717,479
			NEW REQUESTS	General	24,159,358	43,011,908	23,605,122	1,855,000	1,500,000
				Cash	6,447,250	5,717,000	0	6,447,250	5,717,000
				Federal	560,250	6,889,270	6,785,925	0	0
				Revolving	2,350,000	825,000	0	2,350,000	825,000
				NCCF	0	0	0	1,114,000	892,479
				Other	0	4,000,000	0	0	0
			TOTAL		33,516,858	60,443,178	30,391,047	11,766,250	8,934,479
								1,500,000	
REAFFIRMATIONS									
31-Military	905	Joint Operations Center - NG	Federal	10,066,087	0	0	10,066,087	0	0
47-NETC	911	DTV Debt Service & Satellite	NCCF	4,692,327	0	0	4,692,327		
50-State Colleges	919	LB 605 Debt Service	General	1,125,000	1,125,000	10,125,000	1,125,000	1,125,000	10,125,000
			Revolving	1,200,000	1,200,000	10,800,000	1,200,000	1,200,000	10,800,000
	920	LB 1100 Debt Service	Revolving	957,340	957,340	8,616,060	957,340	957,340	8,616,060
			Agency Total	General	1,125,000	1,125,000	10,125,000	1,125,000	1,125,000
				Revolving	2,157,340	2,157,340	19,416,060	2,157,340	19,416,060
					3,282,340	3,282,340	29,541,060	3,282,340	29,541,060

Capital Construction Request/Recommendation Summary 2009-2011 Biennium

Ag#/Ag. Name	Prog#	Project Description	Fund	REQUESTED			RECOMMENDED			
				FY 2009-10	FY 2010-11	FUTURE	FY 2009-10	FY 2010-11	FUTURE	
51-University	920	LB 605 Debt Service	General	11,000,000	11,000,000	99,000,000	11,000,000	11,000,000	99,000,000	
			Cash	5,500,000	11,000,000	94,632,546	5,800,000	11,000,000	94,632,546	
	906	LB 1100 Debt Service	Cash	5,200,000	0	0	5,200,000	0	0	
			Agency Total	General	11,000,000	11,000,000	99,000,000	11,000,000	11,000,000	99,000,000
			Cash	10,700,000	11,000,000	94,632,546	11,000,000	11,000,000	94,632,546	
				21,700,000	22,000,000	193,632,546	22,000,000	22,000,000	193,632,546	
65-Admin. Services	913	Parking Garage Expansion	Revolving	2,169,630	0	0	2,169,630	0	0	
	920	Executive Building Purchase	Revolving	1,624,360	0	0	1,624,360	0	0	
	933	Capitol Environs Property Purchase	NCCF	0	10,980,000	0	0	13,080,000	0	
	901	State Capitol Improvements	NCCF	1,000,000	1,000,000	0	1,000,000	1,000,000	0	
	939	State Capitol Complex (a.k.a. Masonry Project)	NCCF	6,809,014	0	0	6,809,014	0	0	
	940	Task Force - All Categories	Cash	24,620,618	27,205,151	58,485,468	24,620,618	27,205,151	58,485,468	
	935	Public Safety Communication Towers	General	1,525,822	1,525,822	4,577,466	1,027,233	1,027,233	2,054,466	
			Agency Total	General	1,525,822	1,525,822	4,577,466	1,027,233	1,027,233	2,054,466
			Cash	24,620,618	27,205,151	58,485,468	24,620,618	27,205,151	58,485,468	
			Revolving	3,793,990	0	0	3,793,990	0	0	
			NCCF	7,809,014	11,980,000	0	7,809,014	14,080,000	0	
				37,749,444	40,710,973	63,062,934	37,250,855	42,312,384	60,539,934	
REAFFIRMATIONS			General	13,650,822	13,650,822	113,702,466	13,152,233	13,152,233	111,179,466	
			Cash	35,320,618	38,205,151	153,118,014	35,620,618	38,205,151	153,118,014	
			Federal	10,066,087	0	0	10,066,087	0	0	
			Revolving	5,951,330	2,157,340	19,416,060	5,951,330	2,157,340	19,416,060	
			NCCF	12,501,341	11,980,000	0	12,501,341	14,080,000	0	
				TOTAL	77,490,198	65,993,313	286,236,540	77,291,609	67,594,724	283,713,540
NEW REQUESTS AND REAFFIRMATIONS				General	37,810,180	56,662,730	137,307,588	15,007,233	14,652,233	112,679,466
CONSTRUCTION GRAND TOTALS				Cash	41,767,868	43,922,151	153,118,014	42,067,868	43,922,151	153,118,014
				Federal	10,626,337	6,889,270	6,785,925	10,066,087	0	0
				Revolving	8,301,330	2,982,340	19,416,060	8,301,330	2,982,340	19,416,060
				NCCF	12,501,341	11,980,000	0	13,615,341	14,972,479	0
				Other	0	4,000,000	0	0	0	0
				TOTAL	111,007,056	126,436,491	316,627,587	89,057,859	76,529,203	285,213,540

Capital Construction Request/Recommendation Summary

2009-2011 Biennium

Ag#/Ag. Name	Prog#	Project Description	Fund	REQUESTED			RECOMMENDED		
				FY 2009-10	FY 2010-11	FUTURE	FY 2009-10	FY 2010-11	FUTURE
Supplemental Agency Detail - Various Statewide Projects									
Detail-Game & Parks Commission									
33-Game & Parks									
		900 State Parks-Facility Improvements	Cash	125,000	125,000		125,000	125,000	
		901 State Parks-Maintenance	Cash	300,000	300,000		300,000	300,000	
		902 Trail Development Assistance	General	150,000	150,000		0	0	
		924 Wildlife Land Acquisition	Cash	200,000	200,000		200,000	200,000	
		967 State Park Improvements	Cash	850,500	472,500		850,500	472,500	
		969 State Recreation Areas	Cash	246,750	94,500		246,750	94,500	
		971 Special Use Areas	Cash	325,000	325,000		325,000	325,000	
		972 Administrative Facilities-Improvements	Cash	75,000	75,000		75,000	75,000	
		973 Fish Production	Cash	1,000,000	1,000,000		1,000,000	1,000,000	
		975 Emergency Repairs-Parks	Cash	75,000	75,000		75,000	75,000	
		976 Emergency Repairs-Other	Cash	50,000	50,000		50,000	50,000	
		977 Nongame/Endangered	Cash	200,000	0		200,000	0	
		981 Aquatic Habitat	Cash	3,000,000	3,000,000		3,000,000	3,000,000	
		Agency Total	General	150,000	150,000	0	0	0	0
			Cash	6,447,250	5,717,000	0	6,447,250	5,717,000	0
				6,597,250	5,867,000	0	6,447,250	5,717,000	0

Current Biennium Appropriation Changes

FY2008-09 Deficit Summary

Agy #	Agency Name	Prog #	Program Name	Issue Description	Fund Type	FY2008-09 Agency Request	FY2008-09 Recommendation
005	Supreme Court	052	Court Operations	County Court - Mileage reimbursement costs	General	55,000	0
005	Supreme Court	052	Court Operations	District Court - Mileage reimbursement costs	General	35,000	0
011	Attorney General	496	Interstate Water Litigation	Water Litigation	General	511,000	511,000
011	Attorney General	507	Interpretation & Application of Law	Legal Services Bureau Attorney	PSL	92,000	92,000
011	Attorney General	507	Interpretation & Application of Law	Legal Services Bureau Attorney	General	118,555	118,555
011	Attorney General	507	Interpretation & Application of Law	Tobacco Master Settlement Agreement Enforcement	Cash	60,000	60,000
012	State Treasurer	505	Educational Savings Plan	Revised Nebraska Investment Council assessment	Cash	8,737	8,737
013	Education	025	Education, Admin. and Support	Education - Employee leave payoff	PSL	36,479	0
013	Education	025	Education, Admin. and Support	PSL increase - IT/Data Analyst and Migrant Program Specialist	PSL	96,810	96,810
013	Education	158	Education Aid	Enrollment Option transportation costs	General	295,979	0
013	Education	158	Education Aid	TEEOSA - State Aid for Schools	General	1,529,614	1,529,614
013	Education	351	Vocational Rehabilitation	Vocational Rehabilitation - Employee leave payoff	PSL	57,936	0
013	Education	402	Center for Education of the Blind & Visually Impaired	Reappropriate use of Earmarked Funds (\$35,000)	General	Yes	Yes
016	Revenue	013	Salary - State Tax Commissioner	PSL Increase - State Tax Commissioner Salary program	PSL	9,000	9,000
016	Revenue	108	Homestead Exemption	Adjust appropriation to reflect county claims	General	0	(14,870,104)
023	Labor	031	Division of Employment	Federal Grant Funds Reconciliation	Cash	1,300,000	1,300,000
023	Labor	194	Protection of People and Property	Federal Grant Funds Reconciliation	Cash	700,000	700,000
025	Health and Human Services	033	Public Health Admin	Comm-Based DD Facility Surveys	PSL	0	148,496
025	Health and Human Services	033	Public Health Admin	Comm-Based DD Facility Surveys	General	0	100,250
025	Health and Human Services	033	Public Health Admin	Comm-Based DD Facility Surveys	Federal	0	100,250
025	Health and Human Services	033	Developmental Disabilities Admin	BSDC Privatization Study	Cash	0	100,000
025	Health and Human Services	038	Behavioral Health Aid	Base adjustment - Behavioral Health Opers to BH Aid	General	0	3,500,000
025	Health and Human Services	250	Juvenile Services	Recruitment/Retention/Referral - YRTC's	PSL	31,876	31,876

FY2008-09 Deficit Summary

Agy #	Agency Name	Prog #	Program Name	Issue Description	Fund Type	FY2008-09 Agency Request	FY2008-09 Recommendation
025	Health and Human Services	250	Juvenile Services	Recruitment/Retention/Referral - YRTC's	Cash	36,706	36,706
025	Health and Human Services	421	Beatrice State Dev. Center	Privatization study	Cash	0	100,000
025	Health and Human Services	347	Public Assistance	Rebase FY08 (available FY08 balance)	General	0	(18,004,186)
025	Health and Human Services	347	Public Assistance	Rebase FY09	General	0	(4,895,938)
025	Health and Human Services	348	Medicaid	Reduction in federal "clawback" payments	General	0	(163,441)
025	Health and Human Services	348	Medicaid	Rebase FY08 (available FY08 balance)	General	0	(25,607,620)
025	Health and Human Services	348	Medicaid	Rebase FY08 (available FY08 balance)	Federal	0	(38,411,430)
025	Health and Human Services	348	Medicaid	Rebase FY09	General	0	(19,960,043)
025	Health and Human Services	348	Medicaid	Rebase FY09	Federal	0	(29,940,064)
025	Health and Human Services	365	Behavioral Health Operations	Base adjustment - Behavioral Health Opers to BH Aid	General	0	(3,500,000)
025	Health and Human Services	365	Behavioral Health Operations	Recruitment/Retention/Referral - Regional Centers	PSL	104,821	104,821
025	Health and Human Services	365	Behavioral Health Operations	Recruitment/Retention/Referral - Regional Centers	Cash	120,702	120,702
025	Health and Human Services	421	Beatrice State Dev. Center	BSDC action plan	PSL	0	5,300,000
025	Health and Human Services	421	Beatrice State Dev. Center	BSDC action plan	General	0	7,000,000
025	Health and Human Services	421	Beatrice State Dev. Center	Recruitment/Retention/Referral	PSL	32,162	32,162
025	Health and Human Services	421	Beatrice State Dev. Center	Recruitment/Retention/Referral	Cash	37,034	37,034
025	Health and Human Services	514	Health Aid	Adjust for available FY08 carryover balance	General	0	(90,621)
025	Health and Human Services	514	Health Aid	Increase of available funding for WIC Aid	Cash	1,500,000	1,500,000
025	Health and Human Services	519	Veterans' Homes	Recruitment/Retention/Referral	PSL	87,044	87,044
025	Health and Human Services	519	Veterans' Homes	Recruitment/Retention/Referral	Cash	100,231	100,231
025	Health and Human Services	870	Norfolk Sex Offender Treatment	Recruitment/Retention/Referral	PSL	24,274	24,274
025	Health and Human Services	870	Norfolk Sex Offender Treatment	Recruitment/Retention/Referral	Cash	27,952	27,952
030	Electrical Board	197	Public Protection	PSL Increase - Increased payroll hours	PSL	3,189	3,189

FY2008-09 Deficit Summary

Agy #	Agency Name	Prog #	Program Name	Issue Description	Fund Type	FY2008-09 Agency Request	FY2008-09 Recommendation
030	Electrical Board	197	Public Protection	PSL Increase - Rules covered employees	PSL	3,134	3,134
031	Military	192	Governor's Emergency Fund	Meet match obligations for state disaster costs	General	5,000,000	0
031	Military	192	Governor's Emergency Fund	Meet match obligations for state disaster costs	Cash	0	10,000,000
034	Library Commission	252	Library Operations	E-mail Migration costs	General	15,121	0
041	Real Estate Commission	077	Enforcement of Standards	PSL Increase - Change in payroll schedule	PSL	5,290	5,290
046	Corrections	200	Operations	Capital Outlay, Safety & Security, and 309 Matching Funds	General	592,242	592,242
046	Corrections	200	Operations	Inmate Food Costs and Other Per Diems	General	1,584,102	1,584,102
046	Corrections	200	Operations	Lifetime Sex Offender Electronic Monitoring - Adult Parole	General	63,000	63,000
046	Corrections	200	Operations	Medical Per Diem	General	3,984,290	3,984,290
046	Corrections	200	Operations	Teacher Salaries	PSL	134,000	134,000
046	Corrections	200	Operations	Teacher Salaries	General	154,300	154,300
046	Corrections	200	Operations	Transportation Costs	General	149,775	149,775
046	Corrections	200	Operations	Utility Cost Increases	General	1,175,043	1,175,043
050	State Colleges	840	Student Information System	Student Information System	General	1,200,000	0
050	State Colleges	920	LB1100 - Fac Fee - P&I	Transfer Appropriation	NCCF	83,000	83,000
050	State Colleges	998	LB1 - P&I & Admin	Transfer Appropriation	NCCF	(83,000)	(83,000)
051	University of Nebraska	740	Student Information System	Student Information System	General	10,261,493	0
065	Administrative Services	592	Indemnification Claims	Settlement agreement	General	803,000	803,000
077	Industrial Relations	490	Commissioner Expenses	Transfer funds to pay for travel expenses	General	6,114	6,114
077	Industrial Relations	531	Administration	PSL Increase - Increased payroll hours	PSL	480	480
077	Industrial Relations	531	Administration	Transfer funds to pay for travel expenses	General	(6,114)	(6,114)
082	Deaf and Hard of Hearing	578	Hearing Impaired	Executive Director's Retirement Payout	PSL	10,465	10,465
082	Deaf and Hard of Hearing	578	Hearing Impaired	Executive Director's Retirement Payout	General	14,214	0

FY2008-09 Deficit Summary

Agy #	Agency Name	Prog #	Program Name	Issue Description	Fund Type	FY2008-09 Agency Request	FY2008-09 Recommendation	
087	Accountability and Disclosure	094	Administration	PSL Increase - Change in payroll schedule	PSL	1,500	1,500	
092	Grain Sorghum Board	406	Grain Sorghum Development	PSL Increase - Increase Executive Director position from .75 FTE to .80 FTE and provide additional Salary Increase	PSL	3,140	0	
093	Tax Equalization/Review	115	Tax Equalization/Review	Reduce FY09 for Contract Mediation earmark not utilized	General	0	(35,000)	
093	Tax Equalization/Review	115	Tax Equalization/Review	Reduce FY09 for Contract Mediation earmark not utilized	Cash	0	(35,000)	
093	Tax Equalization/Review	115	Tax Equalization/Review	Reduce FY09 for Contract Mediation earmark not utilized	PSL	0	(15,000)	
FUND TOTALS								
						General	27,541,728	(65,861,782)
						Cash	3,891,362	14,056,362
						Federal	0	(68,251,244)
						Revolving	0	0
						Total	31,433,090	(120,056,664)
						PSL	733,600	6,069,541

Agency Operations and Aid Totals by Fund Type

General Funds

Ag#	Agency Name	FY2006-07 Actual Expenditures	FY2007-08 Actual Expenditures	FY2008-09 Appropriation	FY2009-10 Agency Request	FY2009-10 Governor's Recommendation	FY2010-11 Agency Request	FY2010-11 Governor's Recommendation
003	LEGISLATIVE COUNCIL	16,506,851	16,542,219	17,611,386	21,023,328	17,611,386	21,885,895	17,611,386
005	SUPREME COURT	62,187,011	65,496,496	67,935,364	70,770,672	68,413,482	73,144,929	68,782,854
007	OFFICE OF THE GOVERNOR	1,532,135	1,611,004	1,742,569	1,744,109	1,743,890	1,824,274	1,823,772
008	OFFICE OF THE LIEUTENANT GOVERNOR	134,629	145,154	143,839	145,681	145,425	147,707	147,354
009	SECRETARY OF STATE	723,727	692,010	734,475	3,977,863	697,969	1,159,415	699,284
010	AUDITOR OF PUBLIC ACCOUNTS	2,399,403	2,433,677	2,557,746	2,670,400	2,559,198	2,763,029	2,560,957
011	ATTORNEY GENERAL'S OFFICE	7,855,934	8,217,335	6,154,481	7,427,404	7,278,817	6,593,554	6,284,746
012	STATE TREASURER'S OFFICE	19,455,528	19,321,153	19,414,587	19,361,473	19,361,473	19,394,949	19,394,949
013	DEPARTMENT OF EDUCATION	912,152,415	966,341,944	1,051,438,802	1,185,227,293	1,092,666,519	1,304,975,530	1,128,441,859
014	PUBLIC SERVICE COMMISSION	2,325,520	2,490,217	2,659,081	2,702,707	2,637,127	2,782,460	2,627,089
015	BOARD OF PAROLE	690,852	695,453	800,540	808,718	808,642	820,179	819,542
016	DEPARTMENT OF REVENUE	84,031,454	92,379,507	107,266,207	103,299,485	93,131,142	107,296,156	96,081,621
018	DEPARTMENT OF AGRICULTURE	5,876,455	7,833,688	8,506,350	6,687,059	6,497,230	6,929,782	6,560,154
021	STATE FIRE MARSHAL	3,699,736	3,482,527	4,334,612	4,580,561	4,458,667	4,476,058	4,472,788
023	DEPARTMENT OF LABOR	669,104	535,456	636,831	603,018	595,440	620,138	612,817
025	HEALTH AND HUMAN SERVICES	1,081,498,723	1,131,765,116	1,225,535,623	1,226,428,955	1,223,365,007	1,253,127,072	1,249,461,123
027	DEPARTMENT OF ROADS	17,635	15,963	18,184	18,184	18,184	18,184	18,184
028	DEPARTMENT OF VETERANS AFFAIRS	754,716	715,288	1,032,894	1,187,417	1,186,710	1,198,102	1,198,086
029	DEPARTMENT OF NATURAL RESOURCES	23,927,369	14,722,582	17,892,052	17,892,052	17,892,052	17,892,052	17,892,052
031	MILITARY DEPARTMENT	5,012,888	5,435,329	4,772,449	4,763,182	5,343,115	4,756,857	5,352,232
032	BOARD OF EDUCATIONAL LANDS & FUNDS	296,833	302,017	414,455	356,840	344,063	368,793	355,390
033	GAME & PARKS COMMISSION	9,546,506	10,173,421	11,338,991	12,494,406	11,395,916	13,352,633	11,406,844
034	NEBRASKA LIBRARY COMMISSION	3,672,148	3,740,965	3,888,936	4,480,819	3,888,936	4,529,199	3,888,936
035	LIQUOR CONTROL COMMISSION	908,119	837,103	982,122	1,028,004	979,662	1,031,596	979,503
046	DEPARTMENT OF CORRECTIONAL SERVICES	142,740,686	148,003,020	152,370,688	161,931,667	160,294,198	167,671,401	165,600,341
047	NE EDUCATIONAL TELECOMMUNICATIONS COMM.	9,661,809	9,712,761	10,136,091	10,489,145	9,849,661	11,041,078	9,866,751
048	POSTSECONDARY EDUCATION COORDINATING	6,983,936	8,102,358	8,136,134	8,701,219	8,136,134	9,360,092	8,136,134
050	NEBRASKA STATE COLLEGES	40,409,865	43,207,195	45,393,201	48,658,669	45,847,133	49,819,885	46,305,604

General Funds

Ag#	Agency Name	FY2006-07 Actual Expenditures	FY2007-08 Actual Expenditures	FY2008-09 Appropriation	FY2009-10 Agency Request	FY2009-10 Governor's Recommendation	FY2010-11 Agency Request	FY2010-11 Governor's Recommendation
051	UNIVERSITY OF NEBRASKA	461,423,851	475,868,208	492,106,037	528,217,945	497,027,097	564,313,142	501,997,368
054	NEBRASKA STATE HISTORICAL SOCIETY	4,328,157	4,036,230	4,514,311	5,038,936	4,514,311	5,120,863	4,514,311
064	NEBRASKA STATE PATROL	47,919,804	49,339,578	52,926,634	55,257,756	54,769,542	56,682,286	56,231,319
065	DEPARTMENT OF ADMINISTRATIVE SERVICES	9,651,607	9,043,724	9,128,050	8,663,551	8,637,192	8,679,624	8,638,460
067	EQUAL OPPORTUNITY COMMISSION	1,245,021	1,278,422	1,373,311	1,472,307	1,373,311	1,495,412	1,373,311
068	MEXICAN AMERICAN COMMISSION	190,535	212,991	215,312	229,888	211,430	236,094	215,312
069	NEBRASKA ARTS COUNCIL	1,367,821	1,411,703	1,479,714	1,532,340	1,479,714	1,549,640	1,479,714
070	FOSTER CARE REVIEW BOARD	1,226,215	1,279,775	1,336,371	1,824,339	1,336,371	1,797,323	1,336,371
072	DEPARTMENT OF ECONOMIC DEVELOPMENT	5,653,986	6,355,027	6,666,717	6,666,717	6,670,463	6,666,717	6,710,242
076	COMMISSION ON INDIAN AFFAIRS	186,166	190,304	198,763	218,951	198,763	219,004	198,763
077	COMMISSION ON INDUSTRIAL RELATIONS	242,901	241,511	335,155	364,971	335,155	373,669	335,155
078	NEBRASKA COMM. ON LAW ENFORCEMENT	6,805,927	8,726,622	11,146,822	11,559,594	11,336,776	11,725,341	11,289,381
081	COMM. FOR THE BLIND & VISUALLY IMPAIRED	753,149	925,981	969,684	1,205,179	969,684	1,737,158	969,684
082	COMM. FOR THE DEAF & HARD OF HEARING	736,879	814,758	874,210	949,888	874,210	975,876	874,210
083	AID TO COMMUNITY COLLEGES	144,902,809	173,942,554	87,266,476	98,343,476	88,139,141	111,080,476	89,020,532
084	DEPARTMENT OF ENVIRONMENTAL QUALITY	6,343,743	7,285,508	8,193,010	7,966,330	7,959,804	8,009,189	7,990,124
085	PUBLIC EMPLOYEES RETIREMENT SYSTEM	32,202,873	19,134,882	19,468,215	19,663,215	20,009,872	20,356,215	20,489,664
087	NE ACCOUNTABILITY & DISCLOSURE COMM.	377,326	320,760	430,726	448,792	357,246	465,099	433,805
093	TAX EQUALIZATION & REVIEW COMM.	768,429	753,949	875,451	975,609	858,913	1,002,527	881,371
State Total		3,171,999,187	3,326,113,441	3,473,353,659	3,680,060,114	3,514,206,173	3,891,466,654	3,592,361,449

Cash Funds

Ag#	Agency Name	FY2006-07 Actual Expenditures	FY2007-08 Actual Expenditures	FY2008-09 Appropriation	FY2009-10 Agency Request	FY2009-10 Governor's Recommendation	FY2010-11 Agency Request	FY2010-11 Governor's Recommendation
003	LEGISLATIVE COUNCIL	137,697	62,550	268,966	206,190	268,966	209,272	268,966
005	SUPREME COURT	8,479,669	11,852,954	16,143,556	17,002,240	16,652,958	17,146,928	16,628,454
009	SECRETARY OF STATE	4,336,139	5,042,745	6,085,402	6,155,545	6,107,954	6,205,523	6,107,954
010	AUDITOR OF PUBLIC ACCOUNTS	791,329	890,721	1,078,988	1,023,670	980,688	1,058,322	980,688
011	ATTORNEY GENERAL'S OFFICE	631,829	1,179,813	934,596	848,304	834,596	862,683	834,596
012	STATE TREASURER'S OFFICE	6,643,826	8,469,094	5,954,093	5,531,848	5,561,187	5,582,099	5,576,740
013	DEPARTMENT OF EDUCATION	1,199,596	2,532,431	8,905,291	10,221,646	10,093,375	10,291,707	10,124,660
014	PUBLIC SERVICE COMMISSION	87,235,575	69,099,603	79,271,625	76,359,491	68,585,742	76,264,636	68,578,504
016	DEPARTMENT OF REVENUE	17,904,831	124,875,690	137,262,884	146,928,396	147,190,211	147,597,102	147,836,418
017	DEPARTMENT OF AERONAUTICS	21,975,951	19,586,648	25,439,900	31,600,054	31,488,460	22,135,104	21,973,736
018	DEPARTMENT OF AGRICULTURE	5,844,014	5,899,321	7,039,522	6,981,800	6,831,833	7,066,947	6,772,358
019	DEPARTMENT OF BANKING	5,279,549	5,407,665	6,582,860	6,652,000	6,491,603	6,682,424	6,491,131
021	STATE FIRE MARSHAL	785,317	898,781	1,580,506	1,728,127	1,607,736	1,753,452	1,610,836
022	DEPARTMENT OF INSURANCE	8,837,087	7,886,200	11,327,260	11,327,260	11,327,763	11,327,260	11,328,376
023	DEPARTMENT OF LABOR	1,397,506	1,311,361	1,962,765	1,943,382	1,928,919	1,963,343	1,958,406
024	DEPARTMENT OF MOTOR VEHICLES	16,336,185	17,622,544	20,808,041	25,786,230	25,352,324	27,081,050	26,229,617
025	HEALTH AND HUMAN SERVICES	127,201,967	145,098,067	146,855,146	148,537,163	149,750,950	149,805,973	150,849,316
027	DEPARTMENT OF ROADS	558,401,123	632,909,324	655,159,003	660,159,003	661,894,234	660,159,003	661,716,771
029	DEPARTMENT OF NATURAL RESOURCES	2,200,177	3,838,038	5,944,090	5,944,090	5,945,315	5,944,090	5,946,569
030	NEBRASKA ELECTRICAL BOARD	1,290,672	1,426,368	1,532,813	1,628,388	1,531,013	1,680,039	1,531,013
031	MILITARY DEPARTMENT	592,729	502,933	961,844	963,168	966,714	963,203	970,798
032	BOARD OF EDUCATIONAL LANDS & FUNDS	8,575,907	8,972,245	9,104,806	9,085,620	9,100,087	9,085,993	9,100,489
033	GAME & PARKS COMMISSION	51,996,890	54,368,903	60,118,354	72,481,023	58,360,409	62,014,787	58,578,777
034	NEBRASKA LIBRARY COMMISSION	112,540	163,080	94,085	94,085	94,085	94,085	94,085
035	LIQUOR CONTROL COMMISSION	36,213	26,490	74,441	74,441	74,441	74,441	74,441
036	STATE RACING COMMISSION	842,536	906,223	1,064,191	1,064,191	1,064,191	1,064,191	1,064,191
037	WORKERS COMPENSATION COURT	3,956,230	4,241,887	4,850,783	5,627,979	4,820,783	5,549,735	4,820,783
039	NEBRASKA BRAND COMMITTEE	3,889,857	3,851,158	4,456,362	4,686,744	4,456,362	4,847,802	4,456,362

Cash Funds

Ag#	Agency Name	FY2006-07 Actual Expenditures	FY2007-08 Actual Expenditures	FY2008-09 Appropriation	FY2009-10 Agency Request	FY2009-10 Governor's Recommendation	FY2010-11 Agency Request	FY2010-11 Governor's Recommendation
040	MOTOR VEHICLE INDUSTRY LICENSING BD	608,561	621,698	675,886	706,158	675,886	719,151	675,886
041	REAL ESTATE COMMISSION	999,385	993,217	1,105,262	1,115,476	1,106,812	1,148,972	1,135,928
045	BOARD OF BARBER EXAMINERS	114,816	113,547	146,472	152,339	146,472	158,000	146,472
046	DEPARTMENT OF CORRECTIONAL SERVICES	2,350,926	1,784,881	1,851,764	1,851,764	2,012,612	1,851,764	1,913,396
047	NE EDUCATIONAL TELECOMMUNICATIONS COMM.	204,881	269,216	255,532	255,532	255,532	255,532	255,532
048	POSTSECONDARY EDUCATION COORDINATING	4,133,179	5,240,623	6,010,037	7,010,037	7,010,037	7,760,037	7,760,037
050	NEBRASKA STATE COLLEGES	22,234,127	22,463,325	21,821,486	25,129,721	25,129,721	25,129,721	25,129,721
051	UNIVERSITY OF NEBRASKA	224,744,450	246,678,871	314,016,991	318,335,812	314,016,991	322,350,839	314,016,991
052	STATE BOARD OF AGRICULTURE	0	2,884,067	7,500,000	2,500,000	2,500,000	2,500,000	2,500,000
053	REAL PROPERTY APPRAISER BOARD	249,452	294,521	297,325	309,595	278,056	314,657	282,423
054	NEBRASKA STATE HISTORICAL SOCIETY	744,513	782,997	1,652,380	1,693,184	1,652,380	1,731,396	1,652,380
056	NEBRASKA WHEAT BOARD	995,615	953,089	1,410,422	1,410,422	1,406,062	1,410,422	1,400,051
057	OIL & GAS CONSERVATION COMM.	505,520	509,837	585,608	741,528	570,867	734,985	587,169
058	BOARD OF ENGINEERS & ARCHITECTS	608,407	680,985	762,654	766,657	744,750	784,167	760,283
059	BOARD OF GEOLOGISTS	28,148	32,045	33,850	32,461	32,480	33,002	33,016
060	NEBRASKA ETHANOL BOARD	574,818	482,860	560,329	640,755	560,329	640,755	560,329
061	DAIRY INDUSTRY DEVELOPMENT BOARD	1,105,600	1,036,396	1,800,000	1,400,000	1,400,000	1,400,000	1,400,000
062	BD OF EXAMINERS - LAND SURVEYORS	24,416	23,037	33,615	29,779	26,523	30,558	27,296
063	STATE BOARD OF PUBLIC ACCOUNTANCY	390,671	380,849	419,701	435,991	419,701	447,607	419,701
064	NEBRASKA STATE PATROL	8,822,417	10,619,149	14,901,931	16,184,729	15,517,068	16,456,001	15,937,838
065	DEPARTMENT OF ADMINISTRATIVE SERVICES	22,843,062	36,231,413	9,643,917	9,368,501	9,326,830	9,400,867	9,322,452
066	BOARD OF EXAMINERS - ABSTRACTORS	40,165	39,001	42,728	49,309	42,728	50,692	42,728
068	MEXICAN AMERICAN COMMISSION	0	0	0	1,941	3,882	1,941	0
069	NEBRASKA ARTS COUNCIL	729,776	311,907	1,510,000	1,510,000	1,510,000	1,510,000	1,510,000
070	FOSTER CARE REVIEW BOARD	2,642	274	6,000	6,000	6,000	6,000	6,000
071	STATE ENERGY OFFICE	402,633	347,599	676,087	1,676,087	1,668,850	1,676,087	1,661,079
072	DEPARTMENT OF ECONOMIC DEVELOPMENT	13,675,885	15,699,372	23,278,777	17,068,656	18,070,118	17,087,796	17,105,979
073	BD OF EXAMINERS - LANDSCAPE ARCHITECTS	12,435	18,555	22,050	22,861	22,050	22,865	22,050

Cash Funds

Ag#	Agency Name	FY2006-07 Actual Expenditures	FY2007-08 Actual Expenditures	FY2008-09 Appropriation	FY2009-10 Agency Request	FY2009-10 Governor's Recommendation	FY2010-11 Agency Request	FY2010-11 Governor's Recommendation
074	NE POWER REVIEW BOARD	264,796	291,002	404,222	401,548	391,372	406,072	390,806
075	NEBRASKA INVESTMENT COUNCIL	1,187,080	1,586,084	1,764,373	2,657,225	2,164,373	2,892,406	2,439,373
076	COMMISSION ON INDIAN AFFAIRS	5,254	0	0	0	0	0	0
078	NEBRASKA COMM. ON LAW ENFORCEMENT	945,579	672,541	851,966	921,440	979,242	925,683	1,025,751
081	COMM. FOR THE BLIND & VISUALLY IMPAIRED	104,958	92,368	65,173	90,962	65,173	91,555	65,173
082	COMM. FOR THE DEAF & HARD OF HEARING	48,903	86,390	9,430	19,130	9,430	14,100	9,430
083	AID TO COMMUNITY COLLEGES	52,343,616	47,917,583	0	0	0	0	0
084	DEPARTMENT OF ENVIRONMENTAL QUALITY	29,292,211	24,219,536	33,895,409	34,045,408	33,808,954	34,045,408	33,778,108
085	PUBLIC EMPLOYEES RETIREMENT SYSTEM	6,633,927	8,278,710	8,965,310	6,756,681	6,734,775	5,361,725	5,317,973
086	DRY BEAN COMMISSION	233,193	300,786	402,282	400,000	400,000	400,000	400,000
087	NE ACCOUNTABILITY & DISCLOSURE COMM.	237,447	192,640	1,031,351	1,007,489	1,078,067	1,118,576	1,109,467
088	CORN DEVELOPMENT MARKETING BD	2,704,075	2,789,737	5,211,611	5,211,611	5,211,611	5,211,611	5,211,611
092	GRAIN SORGHUM BOARD	137,043	128,215	304,694	304,000	304,000	304,000	304,000
093	TAX EQUALIZATION & REVIEW COMM.	15,617	3,581	110,000	100,000	75,000	100,000	75,000
094	COMMISSION ON PUBLIC ADVOCACY	3,067,688	3,337,213	3,659,261	3,889,952	3,660,366	3,921,159	3,660,266
State Total		1,351,280,829	1,578,312,554	1,688,558,059	1,726,852,819	1,700,357,999	1,714,917,303	1,692,556,730

Federal Funds

Ag#	Agency Name	FY2006-07 Actual Expenditures	FY2007-08 Actual Expenditures	FY2008-09 Appropriation	FY2009-10 Agency Request	FY2009-10 Governor's Recommendation	FY2010-11 Agency Request	FY2010-11 Governor's Recommendation
003	LEGISLATIVE COUNCIL	23,770	0	39,270	39,270	39,270	39,270	39,270
005	SUPREME COURT	507,068	917,884	931,925	942,454	932,535	953,761	933,242
009	SECRETARY OF STATE	85,744	167,468	98,300	98,300	98,300	98,300	98,300
011	ATTORNEY GENERAL'S OFFICE	855,202	996,617	1,017,246	1,500,426	1,467,923	1,564,887	1,497,923
012	STATE TREASURER'S OFFICE	2,226,325	2,028,627	2,407,454	2,075,665	2,075,665	2,120,489	2,120,489
013	DEPARTMENT OF EDUCATION	289,748,919	300,647,358	305,459,346	331,983,565	329,678,702	344,854,121	341,066,320
016	DEPARTMENT OF REVENUE	0	0	500	500	0	500	0
018	DEPARTMENT OF AGRICULTURE	7,084,851	2,895,297	2,487,909	2,778,811	2,719,022	2,831,787	2,719,022
021	STATE FIRE MARSHAL	327,176	493,965	319,596	319,596	319,596	319,596	319,596
022	DEPARTMENT OF INSURANCE	1,786,329	1,174,823	315,630	315,630	315,630	315,630	315,630
023	DEPARTMENT OF LABOR	41,766,724	39,157,291	45,173,756	43,838,873	41,810,354	43,988,443	42,685,632
024	DEPARTMENT OF MOTOR VEHICLES	4,899,853	4,862,943	2,648,418	2,663,830	2,648,418	2,677,771	2,648,418
025	HEALTH AND HUMAN SERVICES	1,334,380,219	1,338,459,666	1,517,844,689	1,463,591,521	1,461,298,277	1,492,722,707	1,487,328,438
029	DEPARTMENT OF NATURAL RESOURCES	709,647	400,198	703,214	503,214	513,046	503,214	522,846
031	MILITARY DEPARTMENT	99,016,558	112,662,067	17,652,525	17,821,447	17,822,478	17,996,721	17,978,784
033	GAME & PARKS COMMISSION	8,249,095	6,297,558	371,554	2,165,192	348,484	2,230,400	348,484
034	NEBRASKA LIBRARY COMMISSION	1,501,688	1,818,095	1,499,056	1,499,056	1,499,056	1,499,056	1,499,056
037	WORKERS COMPENSATION COURT	35,520	33,590	31,512	51,149	49,556	34,794	31,512
046	DEPARTMENT OF CORRECTIONAL SERVICES	1,638,230	1,079,061	375,217	958,964	956,458	981,127	975,658
047	NE EDUCATIONAL TELECOMMUNICATIONS COMM.	38,046	294,621	0	0	0	0	0
048	POSTSECONDARY EDUCATION COORDINATING	1,200,171	1,102,616	998,736	998,736	998,736	998,736	998,736
050	NEBRASKA STATE COLLEGES	15,083,202	16,985,164	18,091,090	18,091,090	18,091,090	18,091,090	18,091,090
051	UNIVERSITY OF NEBRASKA	244,873,455	251,234,984	292,862,174	307,260,149	292,862,174	320,645,342	292,862,174
054	NEBRASKA STATE HISTORICAL SOCIETY	856,200	1,233,856	779,857	827,542	779,857	836,953	779,857
057	OIL & GAS CONSERVATION COMM.	97,306	92,657	99,691	86,400	89,773	85,800	91,974
060	NEBRASKA ETHANOL BOARD	6,000	0	0	0	0	0	0
064	NEBRASKA STATE PATROL	8,685,662	7,402,207	2,076,169	2,076,169	2,172,162	2,076,169	2,274,616
065	DEPARTMENT OF ADMINISTRATIVE SERVICES	198,068	590,271	0	0	0	0	0

Federal Funds

Ag#	Agency Name	FY2006-07 Actual Expenditures	FY2007-08 Actual Expenditures	FY2008-09 Appropriation	FY2009-10 Agency Request	FY2009-10 Governor's Recommendation	FY2010-11 Agency Request	FY2010-11 Governor's Recommendation
067	EQUAL OPPORTUNITY COMMISSION	837,025	677,937	666,236	706,268	685,886	719,825	697,831
069	NEBRASKA ARTS COUNCIL	651,572	700,217	649,254	653,318	649,254	656,579	649,254
070	FOSTER CARE REVIEW BOARD	417,799	369,050	603,389	766,084	603,389	533,649	380,000
071	STATE ENERGY OFFICE	6,971,815	5,598,420	8,312,090	6,122,209	6,087,881	6,122,209	6,048,728
072	DEPARTMENT OF ECONOMIC DEVELOPMENT	16,167,451	16,823,255	21,898,133	21,938,144	21,929,600	21,955,958	21,954,777
078	NEBRASKA COMM. ON LAW ENFORCEMENT	7,771,930	7,589,912	7,706,742	7,722,767	7,706,742	7,737,359	7,706,742
081	COMM. FOR THE BLIND & VISUALLY IMPAIRED	3,032,882	3,246,133	3,350,626	3,379,200	3,307,565	3,268,956	3,307,565
083	AID TO COMMUNITY COLLEGES	2,632,771	2,748,775	0	0	0	0	0
084	DEPARTMENT OF ENVIRONMENTAL QUALITY	21,804,678	25,097,259	29,710,706	29,710,707	29,704,399	29,710,707	29,668,499
088	CORN DEVELOPMENT MARKETING BD	157,476	256,758	399,018	399,018	399,018	399,018	399,018
State Total		2,126,326,424	2,156,136,601	2,287,581,028	2,273,885,264	2,250,660,296	2,329,570,924	2,289,039,481

Revolving Funds

Ag#	Agency Name	FY2006-07 Actual Expenditures	FY2007-08 Actual Expenditures	FY2008-09 Appropriation	FY2009-10 Agency Request	FY2009-10 Governor's Recommendation	FY2010-11 Agency Request	FY2010-11 Governor's Recommendation
009	SECRETARY OF STATE	812,378	947,827	970,582	1,063,688	985,617	1,089,653	985,617
011	ATTORNEY GENERAL'S OFFICE	718,389	934,245	1,174,884	1,214,547	1,174,884	1,256,448	1,174,884
013	DEPARTMENT OF EDUCATION	119,029	41,694	162,872	165,992	162,872	169,237	162,872
018	DEPARTMENT OF AGRICULTURE	451,075	449,278	485,727	500,427	485,727	514,671	485,727
027	DEPARTMENT OF ROADS	0	595,582	0	2,850,806	2,850,806	0	0
046	DEPARTMENT OF CORRECTIONAL SERVICES	14,367,445	14,176,669	17,644,507	17,926,777	17,889,343	18,099,972	18,058,189
050	NEBRASKA STATE COLLEGES	7,516,425	7,977,712	6,516,616	7,291,348	7,291,348	7,291,348	7,291,348
051	UNIVERSITY OF NEBRASKA	353,275,680	361,088,376	457,799,054	480,720,035	457,799,054	502,090,928	457,799,054
064	NEBRASKA STATE PATROL	0	754,413	800,503	800,503	819,121	800,503	840,190
065	DEPARTMENT OF ADMINISTRATIVE SERVICES	154,505,106	147,889,197	186,225,874	187,580,296	177,691,350	191,688,449	180,430,602
083	AID TO COMMUNITY COLLEGES	88,841,729	95,979,063	0	0	0	0	0
State Total		620,607,255	630,834,056	671,780,619	700,114,419	667,150,122	723,001,209	667,228,483

All Funds

Ag#	Agency Name	FY2006-07 Actual Expenditures	FY2007-08 Actual Expenditures	FY2008-09 Appropriation	FY2009-10 Agency Request	FY2009-10 Governor's Recommendation	FY2010-11 Agency Request	FY2010-11 Governor's Recommendation
003	LEGISLATIVE COUNCIL	16,668,318	16,604,769	17,919,622	21,268,788	17,919,622	22,134,437	17,919,622
005	SUPREME COURT	71,173,748	78,267,334	85,010,845	88,715,366	85,998,975	91,245,618	86,344,550
007	OFFICE OF THE GOVERNOR	1,532,135	1,611,004	1,742,569	1,744,109	1,743,890	1,824,274	1,823,772
008	OFFICE OF THE LIEUTENANT GOVERNOR	134,629	145,154	143,839	145,681	145,425	147,707	147,354
009	SECRETARY OF STATE	5,957,988	6,850,050	7,888,759	11,295,396	7,889,840	8,552,891	7,891,155
010	AUDITOR OF PUBLIC ACCOUNTS	3,190,732	3,324,398	3,636,734	3,694,070	3,539,886	3,821,351	3,541,645
011	ATTORNEY GENERAL'S OFFICE	10,061,354	11,328,009	9,281,207	10,990,681	10,756,220	10,277,572	9,792,149
012	STATE TREASURER'S OFFICE	28,325,679	29,818,874	27,776,134	26,968,986	26,998,325	27,097,537	27,092,178
013	DEPARTMENT OF EDUCATION	1,203,219,959	1,269,563,426	1,365,966,311	1,527,598,496	1,432,601,468	1,660,290,595	1,479,795,711
014	PUBLIC SERVICE COMMISSION	89,561,095	71,589,820	81,930,706	79,062,198	71,222,869	79,047,096	71,205,593
015	BOARD OF PAROLE	690,852	695,453	800,540	808,718	808,642	820,179	819,542
016	DEPARTMENT OF REVENUE	101,936,286	217,255,198	244,529,591	250,228,381	240,321,353	254,893,758	243,918,039
017	DEPARTMENT OF AERONAUTICS	21,975,951	19,586,648	25,439,900	31,600,054	31,488,460	22,135,104	21,973,736
018	DEPARTMENT OF AGRICULTURE	19,256,396	17,077,583	18,519,508	16,948,097	16,533,812	17,343,187	16,537,261
019	DEPARTMENT OF BANKING	5,279,549	5,407,665	6,582,860	6,652,000	6,491,603	6,682,424	6,491,131
021	STATE FIRE MARSHAL	4,812,229	4,875,272	6,234,714	6,628,284	6,385,999	6,549,106	6,403,220
022	DEPARTMENT OF INSURANCE	10,623,417	9,061,023	11,642,890	11,642,890	11,643,393	11,642,890	11,644,006
023	DEPARTMENT OF LABOR	43,833,334	41,004,108	47,773,352	46,385,273	44,334,713	46,571,924	45,256,855
024	DEPARTMENT OF MOTOR VEHICLES	21,236,038	22,485,488	23,456,459	28,450,060	28,000,742	29,758,821	28,878,035
025	HEALTH AND HUMAN SERVICES	2,543,080,909	2,615,322,849	2,890,235,458	2,838,557,639	2,834,414,234	2,895,655,752	2,887,638,877
027	DEPARTMENT OF ROADS	558,418,758	633,520,869	655,177,187	663,027,993	664,763,224	660,177,187	661,734,955
028	DEPARTMENT OF VETERANS AFFAIRS	754,716	715,288	1,032,894	1,187,417	1,186,710	1,198,102	1,198,086
029	DEPARTMENT OF NATURAL RESOURCES	26,837,194	18,960,818	24,539,356	24,339,356	24,350,413	24,339,356	24,361,467
030	NEBRASKA ELECTRICAL BOARD	1,290,672	1,426,368	1,532,813	1,628,388	1,531,013	1,680,039	1,531,013
031	MILITARY DEPARTMENT	104,622,174	118,600,329	23,386,818	23,547,797	24,132,307	23,716,781	24,301,814
032	BOARD OF EDUCATIONAL LANDS & FUNDS	8,872,740	9,274,263	9,519,261	9,442,460	9,444,150	9,454,786	9,455,879
033	GAME & PARKS COMMISSION	69,792,491	70,839,882	71,828,899	87,140,621	70,104,809	77,597,820	70,334,105
034	NEBRASKA LIBRARY COMMISSION	5,286,376	5,722,141	5,482,077	6,073,960	5,482,077	6,122,340	5,482,077

All Funds

Ag#	Agency Name	FY2006-07 Actual Expenditures	FY2007-08 Actual Expenditures	FY2008-09 Appropriation	FY2009-10 Agency Request	FY2009-10 Governor's Recommendation	FY2010-11 Agency Request	FY2010-11 Governor's Recommendation
035	LIQUOR CONTROL COMMISSION	944,332	863,593	1,056,563	1,102,445	1,054,103	1,106,037	1,053,944
036	STATE RACING COMMISSION	842,536	906,223	1,064,191	1,064,191	1,064,191	1,064,191	1,064,191
037	WORKERS COMPENSATION COURT	3,991,750	4,275,477	4,882,295	5,679,128	4,870,339	5,584,529	4,852,295
039	NEBRASKA BRAND COMMITTEE	3,889,857	3,851,158	4,456,362	4,686,744	4,456,362	4,847,802	4,456,362
040	MOTOR VEHICLE INDUSTRY LICENSING BD	608,561	621,698	675,886	706,158	675,886	719,151	675,886
041	REAL ESTATE COMMISSION	999,385	993,217	1,105,262	1,115,476	1,106,812	1,148,972	1,135,928
045	BOARD OF BARBER EXAMINERS	114,816	113,547	146,472	152,339	146,472	158,000	146,472
046	DEPARTMENT OF CORRECTIONAL SERVICES	161,097,287	165,043,630	172,242,176	182,669,172	181,152,611	188,604,264	186,547,584
047	NE EDUCATIONAL TELECOMMUNICATIONS COMM.	9,904,735	10,276,598	10,391,623	10,744,677	10,105,193	11,296,610	10,122,283
048	POSTSECONDARY EDUCATION COORDINATING	12,317,287	14,445,598	15,144,907	16,709,992	16,144,907	18,118,865	16,894,907
050	NEBRASKA STATE COLLEGES	85,243,619	90,633,395	91,822,393	99,170,828	96,359,292	100,332,044	96,817,763
051	UNIVERSITY OF NEBRASKA	1,284,317,436	1,334,870,439	1,556,784,256	1,634,533,941	1,561,705,316	1,709,400,251	1,566,675,587
052	STATE BOARD OF AGRICULTURE	0	2,884,067	7,500,000	2,500,000	2,500,000	2,500,000	2,500,000
053	REAL PROPERTY APPRAISER BOARD	249,452	294,521	297,325	309,595	278,056	314,657	282,423
054	NEBRASKA STATE HISTORICAL SOCIETY	5,928,870	6,053,082	6,946,548	7,559,662	6,946,548	7,689,212	6,946,548
056	NEBRASKA WHEAT BOARD	995,615	953,089	1,410,422	1,410,422	1,406,062	1,410,422	1,400,051
057	OIL & GAS CONSERVATION COMM.	602,826	602,494	685,299	827,928	660,640	820,785	679,143
058	BOARD OF ENGINEERS & ARCHITECTS	608,407	680,985	762,654	766,657	744,750	784,167	760,283
059	BOARD OF GEOLOGISTS	28,148	32,045	33,850	32,461	32,480	33,002	33,016
060	NEBRASKA ETHANOL BOARD	580,818	482,860	560,329	640,755	560,329	640,755	560,329
061	DAIRY INDUSTRY DEVELOPMENT BOARD	1,105,600	1,036,396	1,800,000	1,400,000	1,400,000	1,400,000	1,400,000
062	BD OF EXAMINERS - LAND SURVEYORS	24,416	23,037	33,615	29,779	26,523	30,558	27,296
063	STATE BOARD OF PUBLIC ACCOUNTANCY	390,671	380,849	419,701	435,991	419,701	447,607	419,701
064	NEBRASKA STATE PATROL	65,427,883	68,115,347	70,705,237	74,319,157	73,277,893	76,014,959	75,283,963
065	DEPARTMENT OF ADMINISTRATIVE SERVICES	187,197,843	193,754,605	204,997,841	205,612,348	195,655,372	209,768,940	198,391,514
066	BOARD OF EXAMINERS - ABSTRACTORS	40,165	39,001	42,728	49,309	42,728	50,692	42,728
067	EQUAL OPPORTUNITY COMMISSION	2,082,046	1,956,359	2,039,547	2,178,575	2,059,197	2,215,237	2,071,142
068	MEXICAN AMERICAN COMMISSION	190,535	212,991	215,312	231,829	215,312	238,035	215,312

All Funds

Ag#	Agency Name	FY2006-07 Actual Expenditures	FY2007-08 Actual Expenditures	FY2008-09 Appropriation	FY2009-10 Agency Request	FY2009-10 Governor's Recommendation	FY2010-11 Agency Request	FY2010-11 Governor's Recommendation
069	NEBRASKA ARTS COUNCIL	2,749,169	2,423,826	3,638,968	3,695,658	3,638,968	3,716,219	3,638,968
070	FOSTER CARE REVIEW BOARD	1,646,655	1,649,099	1,945,760	2,596,423	1,945,760	2,336,972	1,722,371
071	STATE ENERGY OFFICE	7,374,448	5,946,019	8,988,177	7,798,296	7,756,731	7,798,296	7,709,807
072	DEPARTMENT OF ECONOMIC DEVELOPMENT	35,497,322	38,877,653	51,843,627	45,673,517	46,670,181	45,710,471	45,770,998
073	BD OF EXAMINERS - LANDSCAPE ARCHITECTS	12,435	18,555	22,050	22,861	22,050	22,865	22,050
074	NE POWER REVIEW BOARD	264,796	291,002	404,222	401,548	391,372	406,072	390,806
075	NEBRASKA INVESTMENT COUNCIL	1,187,080	1,586,084	1,764,373	2,657,225	2,164,373	2,892,406	2,439,373
076	COMMISSION ON INDIAN AFFAIRS	191,420	190,304	198,763	218,951	198,763	219,004	198,763
077	COMMISSION ON INDUSTRIAL RELATIONS	242,901	241,511	335,155	364,971	335,155	373,669	335,155
078	NEBRASKA COMM. ON LAW ENFORCEMENT	15,523,436	16,989,075	19,705,530	20,203,801	20,022,760	20,388,383	20,021,874
081	COMM. FOR THE BLIND & VISUALLY IMPAIRED	3,890,989	4,264,482	4,385,483	4,675,341	4,342,422	5,097,669	4,342,422
082	COMM. FOR THE DEAF & HARD OF HEARING	785,782	901,147	883,640	969,018	883,640	989,976	883,640
083	AID TO COMMUNITY COLLEGES	288,720,925	320,587,975	87,266,476	98,343,476	88,139,141	111,080,476	89,020,532
084	DEPARTMENT OF ENVIRONMENTAL QUALITY	57,440,632	56,602,303	71,799,125	71,722,444	71,473,157	71,765,304	71,436,731
085	PUBLIC EMPLOYEES RETIREMENT SYSTEM	38,836,800	27,413,592	28,433,525	26,419,896	26,744,647	25,717,940	25,807,637
086	DRY BEAN COMMISSION	233,193	300,786	402,282	400,000	400,000	400,000	400,000
087	NE ACCOUNTABILITY & DISCLOSURE COMM.	614,773	513,399	1,462,077	1,456,281	1,435,313	1,583,675	1,543,272
088	CORN DEVELOPMENT MARKETING BD	2,861,551	3,046,495	5,610,629	5,610,629	5,610,629	5,610,629	5,610,629
092	GRAIN SORGHUM BOARD	137,043	128,215	304,694	304,000	304,000	304,000	304,000
093	TAX EQUALIZATION & REVIEW COMM.	784,046	757,530	985,451	1,075,609	933,913	1,102,527	956,371
094	COMMISSION ON PUBLIC ADVOCACY	3,067,688	3,337,213	3,659,261	3,889,952	3,660,366	3,921,159	3,660,266
State Total		7,270,213,694	7,691,396,651	8,121,273,365	8,380,912,615	8,132,374,590	8,658,956,090	8,241,186,143

Appendix



Administrative Services – Budget Division Staff Listing

Gerry A. Oligmueller, State Budget Administrator

Budget Analysts and Their Agency Assignments

Gary Bush – Administrative Services, AS-CIO, AS-Capital Commission, Department of Banking, Board of Barber Examiners, Board of Examiners Abstracters, Department of Economic Development, Board of Geologists, Employees Retirement Board, Engineers & Architects, Department of Insurance, Investment Council, Department of Labor, Land Surveyors, Landscape Architects, Liquor Control Commission, Board of Public Accountancy, Public Service Commission, Real Estate Commission, Real Property Appraiser Board

Matthew Eash – Arts Council, Blind and Visually Impaired, Deaf and Hard of Hearing, Department of Education, Nebraska Historical Society, Indian Affairs Commission, Nebraska Library Commission, Mexican American Commission, Women's Commission

Lyn Heaton, Deputy Budget Administrator – Department of Revenue, State Treasurer, Tax Equalization and Review

Elton Larson – Foster Care Review Board, Department of Health & Human Services, Industrial Relations, Veterans' Affairs

Cindy Miserez – Brand Committee, Nebraska Energy Office, Department of Environmental Quality, Ethanol Board, Game and Parks Commission, Department of Natural Resources, Oil and Gas Commission, Power Review Board, Racing Commission

Mike Rindone – Administrative Services – Building Division staff consulted for capital construction related issues.

William Scheideler – State College System, TEEOSA K-12 School Aid, Community College Aid, Educational Lands and Funds, Educational Telecommunications Commission, Postsecondary Education, University Systemwide

Dave Spatz – Accountability & Disclosure Commission, Department of Aeronautics, Department of Agriculture, Auditor of Public Accounts, Corn Board, Nebraska Dairy Industry Development Board, Dry Bean Commission, State Fair Board, Governor's Office, Grain Sorghum Board, Legislative Council, Lieutenant Governor, Department of Motor Vehicles, Motor Vehicle Licensing Board, Department of Roads, Secretary of State, Nebraska Wheat Board

Joe Wilcox – Attorney General, Department of Correctional Services, Crime Commission, Electrical Board, Equal Opportunity Commission, State Fire Marshal, Military Department, Board of Pardons/Parole, Nebraska State Patrol, Commission on Public Advocacy, Supreme Court, Workers' Compensation Court

Jean Dale – Temporary Analyst – Community College Aid, Coordinating Commission for Postsecondary Education, Educational Telecommunications Commission, Equal Opportunity Commission, Industrial Relations, State College System, University System, Workers' Compensation Court

Support Staff

Betty Hladky, Business Manager

