



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.

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	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