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**Executive Budget  
In Brief**

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**2011-2013 B i e n n i u m**

Dave Heineman  
Governor

*Presented January 13, 2011*



# **Executive Budget in Brief**

## **2011 - 2013 Biennium**

Presented by  
Administrative Services – State Budget Division  
Room 1320 State Capitol  
Lincoln, Nebraska 68509  
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[www.budget.ne.gov](http://www.budget.ne.gov)

Presented January 13, 2011

A complete copy of State agencies, boards and commissions' FY 2010-11 supplemental appropriation requests and 2011-2013 biennial budget requests are available on the State Budget Division website at [www.budget.ne.gov](http://www.budget.ne.gov).

This Executive Budget in Brief, 2011-2013 Biennium and Executive Budget, 2011-2013 Biennium are available on the State Budget Division website at [www.budget.ne.gov](http://www.budget.ne.gov). The Executive Budget, 2011-2013 Biennium provides a summary report at the agency and program level of agency vision, mission, goals, historical appropriation/spending, and requested amounts for the 2011-2013 biennium. This publication also includes the Governor's appropriation recommendation for each program for the 2011-2013 biennium.

Additional summary tables regarding the current and recommended appropriations for State agencies, boards and commissions are also available at [www.budget.ne.gov](http://www.budget.ne.gov).



**Dave Heineman**  
*Governor*

## STATE OF NEBRASKA

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January 13, 2011

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

Dear Mr. President and Members of the Legislature:

I am presenting my budget recommendations for your consideration for the 2011-2013 biennium. These are clearly challenging times.

The National Bureau of Economic Research Business Cycle Dating Committee, the organization that officially defines national business cycles, declared that the so-called Great Recession of 2007-09 ended after 18 months in June 2009. This declaration does not mean that the economy is back to normal. The current economic recovery has not been typical of the recoveries from previous national economic recessions. It cannot be characterized as robust. Many prognosticators have chosen to describe our current experience as the “new normal” in a seeming search to explain the dramatic effects this most recent national recession has had on the vitality of the nation’s economy, its people, and the capacity of its governments to maintain critical services.

The current state biennial budget was enacted during the recent national recession. Together we exercised caution and restraint in preparing that budget. A special effort was made to restrain spending and to preserve our Cash Reserve Fund in anticipation of the lingering adverse effects on state tax receipts. Spending growth was restrained at 1.1 percent and the Cash Reserve Fund maintained at \$325 million. When tax receipt forecasts were revised downward in October 2009, I promptly called a special legislative session and we made the budget reductions and other necessary changes to maintain a balanced budget. Spending growth was reduced to -1.0 percent and the Cash Reserve Fund balance was preserved at \$325 million. The 2010 regular legislative session required the same disciplined approach adjusting spending growth to -1.1 percent and the Cash Reserve Fund balance to \$322 million.

The current FY 2010-11 operating budgets for most state agencies have been reduced by 7.0 percent through successive across-the-board reductions. State employees, except employees of the Nebraska Department of Education, the Court System, and those covered by labor contracts, did not receive pay increases in the current year. Contract covered employees were furloughed without pay for two days. The number of permanent employees reported by state agencies at the end of FY 2009-10 was 305 less than the prior year. The budget actions undertaken by state agencies, boards and commissions during the current 2009-2011 biennium have accomplished the economies and restraint necessary to maintain a balanced state budget.

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The State Budget Division issued instructions to State agencies, boards and commissions in June 2010 regarding the development of the State budget for the 2011-2013 biennium. Those instructions specifically called for the submission of information that outlined state agency services and programs considered to be the lowest priority for financing if a reduction of up to 10 percent is necessary in the state budget. Your LR542 budget review process followed a similar approach using much of the information submitted by state agencies, boards and commissions on September 15, 2010, pursuant to the June budget instructions. The preparation of my budget recommendations has involved a time-consuming, detailed review of this information and all aspects of the State budget.

Today I am making no “across-the-board” budget recommendations. I am not recommending any tax or fee increases to finance the state budget. I am proposing specific recommendations regarding each state agency, board and commission, and the various aid programs of state government. My recommendations are a clear expression of priorities.

The Nebraska Economic Forecasting Advisory Board revised its General Fund tax receipt forecast for FY 2010-11 and established its initial forecasts for the 2011-2013 budget biennium at its October 2010 meeting. The revised tax receipt forecast is \$3.4 billion for FY 2010-11. The initial forecast is \$3.4 billion for FY 2011-12 and \$3.6 billion for FY 2012-13. The forecasts for the first two of these three fiscal years is less than actual General Fund tax receipts for FY 2007-08. In order to maintain critical state services and mitigate the effects of the decline in forecasted tax receipts, I recommend that \$130 million be transferred from the Cash Reserve Fund to the General Fund in both FY 2011-12 and FY 2012-13. The Cash Reserve Fund balance is estimated to remain at \$62 million at the end of the 2011-13 biennium after these proposed transfers. As Nebraska’s economy improves in the 2013-2015 biennium, I recommend that \$198 million be transferred from the General Fund to the Cash Reserve Fund to replenish its balance in preparation for any future adverse economic circumstances.

My budget recommendations continue the state property tax relief program begun in 2007 by transferring revenue from the General Fund to the Property Tax Credit Cash Fund for distribution in both 2012 and 2013 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 every homeowner in Nebraska. I am recommending no tax increases.

The federal government provided American Recovery and Reinvestment Act (ARRA) general services stabilization funds and enhanced federal Medicaid match rates (FMAP) which corresponded to a reduction enacted in the base General Fund appropriation for the Department of Corrections and the Medicaid program during the 2009-2011 biennium. My recommendations address these FY 2010-11 General Fund base appropriation cuts in order to maintain the security of our State prison system and the current level of eligibility for the

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Medicaid program as required by the federal government under the new federal health care reform law. The federal government also provided ARRA State Fiscal Stabilization Funds that were used to increase the level of school aid payments made during the 2009-2011 biennium. These one-time ARRA funds are not available to maintain this increased level of school aid payments during the 2011-2013 biennium.

In 2010 the federal Education Jobs Fund awarded Nebraska an additional \$58.8 million to be distributed as supplemental school aid payments during FY 2010-11. These funds may be expended by local school districts through FY 2011-12. I urge you to expedite consideration and passage of the necessary legislation to make these additional payments.

While the national recession has had a dramatic effect on the level of Nebraska tax receipt forecasts, I continue to place a priority on the financing of K-12 state aid to public schools. My recommendations maintain state support for TEEOSA K-12 school aid at \$810 million in FY 2011-12 and include an additional \$50 million to raise state support to \$860 million for FY 2012-13. While many state services are simply maintained, reduced or eliminated in my recommendations for this coming biennium, K-12 school aid remains a high priority which is reflected in this budget proposal.

We must also continue to make the investments that make Nebraska the ideal place to create jobs and grow a business. My budget includes specific recommendations provided by the recently released Battelle study on how to strengthen support for the companies that make up our fastest growing sectors and the people they employ. These include a series of four initiatives that provide funding for a Nebraska internship program, business innovation program, a site and building development fund, and an angel investment tax credit program.

My recommendations include \$8.5 million to support the joint efforts of the Nebraska Department of Education, the University of Nebraska, and the Nebraska P-16 Initiative to develop a virtual high school. This effort will provide fully accredited online high school courses with initial emphasis on science, technology, engineering, and mathematics. I am also proposing a one-time \$25 million investment in the University of Nebraska's Innovation Campus. Innovation Campus provides an outstanding opportunity to increase student enrollment, accelerate the expansion of research, and develop public-private partnerships in order to increase job opportunities for Nebraskans.

My General Fund budget recommendations represent an average 2.2 percent increase – a 1.1 percent increase for FY 2011-12 and 3.2 percent increase for FY 2012-13. Details are presented in this [Executive Budget in Brief](#), and a more comprehensive [Executive Budget](#), along with additional information available online at [www.budget.ne.gov](http://www.budget.ne.gov)

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As you undertake the arduous task of reviewing the budget requests of the various state agencies, boards and commissions and the recipients of the various aid programs, I encourage you to recognize the priority, importance and inextricable link between economic success and education success.

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 2011-2013 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 receipt forecasts for the current fiscal year and the next biennium that were adopted by the Economic Forecasting Advisory Board at its meeting in October 2010. The net receipts projected for the following biennium were presented to the Tax Rate Review Committee in November of 2010 by the Legislative Fiscal Office.

Certain transfers to the General Fund are proposed in both FY 2011-12 and FY 2012-13: Mutual Finance Assistance Fund - \$620,500; Tobacco Products Administration Cash Fund - \$7.0 million; Securities Act Cash Fund - \$19.0 million; Insurance Cash Fund - \$6.0 million; and Motor Vehicles Cash Fund - \$1.0 million. A transfer of \$1.0 million from the Life Insurance Demutualization Trust Fund to the General Fund is recommended for FY 2011-12. The Governor also recommends a transfer of \$130.0 million from the Cash Reserve Fund in both FY 2011-12 and FY 2012-13 to maintain critical state services and mitigate the effects of the decline in forecasted tax receipts due to our recent national recession.

The Governor recommends transfers from the General Fund in both FY 2011-12 and FY 2012-13: Property Tax Credit Cash Fund - \$110.0 million and Water Resources Cash Fund - \$2.7 million. The Governor also recommends a transfer of \$25.0 million to the Nebraska Capital Construction Fund and transfers totaling \$6.3 million to the Ethanol Production Incentive Cash Fund from the General Fund in FY 2011-12.

The appropriations shown for the current fiscal year 2010-11 are those adopted during the 2009 regular session and further amended during the 2009 special session and 2010 regular session of the 101<sup>st</sup> Legislature. The Status also reflects a recommended reduction of \$15.6 million in FY 2010-11 re-appropriations, a reduction of \$24.7 million in FY 2010-11 appropriations, and a \$2.0 million allocation for the 2011 claims bill for consideration during the 2011 session of the 102<sup>nd</sup> Legislature. The Governor's budget recommendations for FY 2011-12 and FY 2012-13 of the next biennium are also shown. The Governor's recommendations provide for a two-year average General Fund increase of 2.2 percent. The General Fund balance for the next biennium exceeds the minimum reserve requirement by \$3.9 million.

The planning estimates for the following biennium 2013-2015 set future allowable spending growth at no greater than 3.6 percent and leave a General Fund balance in excess of the minimum reserve requirement. The planning estimates include a recommendation that \$198.0 million be transferred from the General Fund to replenish the Cash Reserve Fund and prepare for future adverse economic circumstances.

## General Fund Financial Status

	Current FY2010-11	Next Biennium		Following Biennium	
		FY2011-12	FY2012-13	FY2013-14	FY2014-15
<b><u>Beginning Balance</u></b>					
Beginning Cash Balance	\$296,986,417	\$119,670,337	\$131,695,200	\$214,231,798	\$209,342,909
Cash Reserve Fund transfer-Automatic					
Carryover obligations from FY2009-10	(207,763,520)				
Reduce FY2010-11 reappropriations	15,567,172				
Allocation for potential deficits		(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
Unobligated Beginning Balance	104,790,069	114,670,337	126,695,200	209,231,798	204,342,909
<b><u>Revenues</u></b>					
Net Receipts (Oct. 2010 NEFAB; Following-LFO Hist. Avg.)	3,364,000,000	3,435,000,000	3,590,000,000	3,840,000,000	4,075,000,000
General Fund transfers - out (current)	(120,725,000)				
General Fund transfers - in (current)	In Receipts				
Cash Reserve Fund transfers (current)	154,000,000				
General Fund transfers - out		(144,000,000)	(112,700,000)	(117,700,000)	(117,700,000)
General Fund transfers - in		34,620,500	33,620,500		
Cash Reserve Fund transfers		130,000,000	130,000,000	(75,000,000)	(123,000,000)
2011 Session Legislation		2,835,300	(164,700)	(164,700)	(164,700)
General Fund Net Revenues	3,397,275,000	3,458,455,800	3,640,755,800	3,647,135,300	3,834,135,300
<b><u>Appropriations</u></b>					
Actual Expenditures/Appropriations (2010 Session)	3,405,101,292	3,405,101,292	3,405,101,292	3,405,101,292	3,405,101,292
Claims Bill	2,034,666				
Deficit Recommendations	(24,741,227)				
Budget Recommendations		36,329,645	148,117,910	148,117,910	148,117,910
Following Biennium - Appropriation Adjustments				93,804,987	260,473,992
General Fund Appropriations	3,382,394,731	3,441,430,937	3,553,219,202	3,647,024,189	3,813,693,194
<b><u>Ending Balance</u></b>					
Dollar ending balance	119,670,337	131,695,200	214,231,798	209,342,909	224,785,015
Minimum Biennial Reserve Requirement	204,094,804	--	210,258,697	--	224,140,847
Variance from Minimum Reserve	(84,424,467)	--	3,973,101	--	644,169
Biennial Reserve (%)	1.7%	--	3.1%	--	3.0%
Annual % Change - Appropriations (excl. deficits)	2.8%	1.1%	3.2%	2.6%	4.6%
Two Year Average	-1.1%	--	2.2%	--	3.6%
Annual % Change - Net Receipts (Nominal)	4.9%	3.2%	4.3%	6.0%	6.1%
Two Year Average	0.2%	--	3.8%	--	6.0%
Structural Receipts v. Approps.	(139,119,731)	(112,975,137)	(42,463,402)	111,111	20,442,106



## 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. There are no requirements for a minimum or maximum balance in the Cash Reserve Fund.

The only transfer to/from the Cash Reserve Fund under current law during FY 2010-11 is a \$154.0 million transfer to the General Fund to support the enacted FY 2010-11 budget.

A transfer of \$8,551,000 to the Cash Reserve Fund from the Water Contingency Cash Fund is anticipated in FY 2012-13 when certain natural resource districts repay monies provided to them to assist in management, protection, and conservation of water resources.

The Governor's recommendation includes authorization for temporary transfers from the Cash Reserve Fund to the Ethanol Production Incentive Cash (EPIC) Fund and the equal repayment by the EPIC Fund of such temporary transfers during the 2011-2013 biennium. These temporary transfers will provide the necessary cash flow for the EPIC Fund to issue credits to ethanol producers without proration of these credits while the EPIC Fund awaits the receipt of its regular revenue from an excise tax on the sale of corn and grain sorghum. The EPIC program ends on December 31, 2012.

The Governor recommends that \$260.0 million be transferred from the Cash Reserve Fund to the General Fund (\$130.0 million in FY 2011-12 and \$130.0 million in FY 2012-13) during the 2011-2013 budget biennium. These transfers are necessary to maintain critical state services and mitigate the adverse effects of the decline in forecasted tax receipts due to our recent national recession.

The Cash Reserve Fund balance is estimated to be about \$62.0 million at the end of the 2011-2013 budget biennium.

The following 2013-2015 biennium is shown in this Status for planning purposes. The Governor recommends that, as the economy improves in Nebraska, \$198.0 million be transferred from the General Fund to the Cash Reserve Fund to replenish its balance in preparation for any future adverse economic circumstances.

## Cash Reserve Fund Status

	Current	Next Biennium		Following Biennium	
	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
<b>Beginning Balance</b>	467,201,627	313,201,627	183,201,627	61,752,627	136,752,627
Transfer Amounts Above Forecasts					
To/From General Fund (current)	(154,000,000)				
From Water Contingency Cash Fund (current)			8,551,000		
To/From General Fund		(130,000,000)	(130,000,000)	75,000,000	123,000,000
To/From Ethanol Production Incentive Cash Fund					
<b>Ending Balance</b>	313,201,627	183,201,627	61,752,627	136,752,627	259,752,627

**Fund Transfers  
General Fund Only**

Description	FY2011-12	FY2012-13
<b>General Fund Transfers In</b>		
Lapse from Mutual Finance Assistance Fund	620,500	620,500
Transfer accrued interest from Life Insurance Demutualization Trust Fund	1,000,000	0
Transfer from the Tobacco Products Administration Cash Fund	7,000,000	7,000,000
Transfer from the Securities Act Cash Fund	19,000,000	19,000,000
Transfer from the Insurance Cash Fund	6,000,000	6,000,000
Transfer from the Motor Vehicles Cash Fund	1,000,000	1,000,000
<b>General Fund Transfers In Total</b>	<b>34,620,500</b>	<b>33,620,500</b>
<b>General Fund Transfers Out</b>		
Transfer to the Property Tax Credit Cash Fund; net of available balance	(110,000,000)	(110,000,000)
Transfer to the Water Resources Cash Fund	(2,700,000)	(2,700,000)
Transfer to the Ethanol Production Incentive Cash Fund (current)	(2,500,000)	0
Transfer to the Ethanol Production Incentive Cash Fund (new)	(3,800,000)	0
Transfer to the Nebraska Capital Construction Fund (NCCF)	(25,000,000)	0
<b>General Fund Transfers Out Total</b>	<b>(144,000,000)</b>	<b>(112,700,000)</b>
<b>Cash Reserve Fund Transfers</b>		
Transfer from the Cash Reserve Fund to the General Fund	130,000,000	130,000,000

**Legislation With Fiscal Impact**  
**2011 Legislative Session**

Introduced on Behalf of:	LB#	Description	Fund Type	Expend. - FY2011-12	Expend. - FY2012-13	Revenue - FY2011-12	Revenue - FY2012-13
<b>Governor</b>							
	LB ____	Eliminate the Aid to Municipalities and Aid to NRDs programs	General	(12,400,635)	(12,400,635)	0	0
	LB ____	Eliminate various education funding mandates	General	(2,528,048)	(2,588,548)	0	0
	LB ____	Eliminate the County Aid Program	General	(9,659,932)	(9,659,932)	0	0
	LB ____	Repeal the Home Energy Conservation Improvement Program	General Cash	0 (8,119,840)	0 (8,119,840)	4,652,000 (8,119,840)	4,652,000 (8,119,840)
	LB ____	Change child care provider payment law	General	--	--	0	0
	LB ____	Eliminate state-option Medicaid benefits for certain aliens; eliminate a state-option food stamp benefit expansion	General	(3,683,055)	(3,683,055)	0	0
	LB ____	Expand the Medicaid Preferred Drug List	General Federal	(936,027) (1,404,041)	(936,027) (1,404,041)	0 0	0 0
	LB ____	Eliminate Medicaid benefits for ADC adults not meeting welfare work plan duties	General Federal	(1,600,000) (2,200,000)	(1,600,000) (2,200,000)	0 0	0 0
	LB ____	Institute and increase co-pays for certain Medicaid covered services	General Federal	(260,927) (391,389)	(347,902) (521,852)	0 0	0 0
	LB ____	Business Innovation Act-Battelle Report	General	5,564,078	5,564,078	0	0
	LB ____	Site & Building Development Act-Battelle Report	Cash	28,000	28,000	0	0
	LB ____	Nebraska Internship Program-Battelle Report	Cash	28,000	28,000	0	0
	LB ____	Angel Investment Tax Credit Program-Battelle Report	General	168,575	83,500	(2,000,000)	(5,000,000)
	LB ____	Restructure Crime Commission programs	General	(337,259)	(337,259)	0	0
	LB ____	Change contribution rates for school and patrol retirement plans	General Cash	628,798 174,265	653,903 181,222	0 0	0 0
	LB ____	Reduce TERC commissioners to three	General	(68,908)	(120,954)	0	0
	LB ____	Suspend LB1100 depreciation assessments	General	(4,301,209)	(4,301,209)	0	0
	LB ____	2011-2013 Mainline Budget Bill	Various	--	--	--	--
	LB ____	2011-2013 Legislators' Salaries Bill	Various	--	--	--	--
	LB ____	2011-2013 Constitutional Officers' Salaries Bill	Various	--	--	--	--

**Legislation With Fiscal Impact**  
**2011 Legislative Session**

Introduced on Behalf of:	LB#	Description	Fund Type	Expend. - FY2011-12	Expend. - FY2012-13	Revenue - FY2011-12	Revenue - FY2012-13
Governor	LB _____	2011-2013 Capital Construction Bill	Various	--	--	--	--
	LB _____	FY2011 Deficit Bill	Various	--	--	--	--
	LB _____	2011-2013 Funds/Transfers Bill	Various	--	--	--	--
	LB _____	2011-2013 Cash Reserve Fund Bill	Various	--	--	--	--
<b>Other</b>	LB _____	Revise TEEOSA aid formula for 2011-2013 biennium (Note A)	General	--	--	--	--
	LB _____	Provide additional FY 2010-11 TEEOSA school distribution (Note B)	General	--	--	--	--
	LB _____	Change the sales tax return due date	General	42,000	0	180,000	180,000
	LB _____	Eliminate a seminar requirement	General	(5,000)	(5,000)	0	0
	LB _____	Eliminate the VERRRA program	General	(12,066)	(12,066)	0	0
	LB _____	Restructure State inspection programs	Cash	(796,895)	(796,895)	(490,620)	(459,380)
	LB _____	Security mandates for issuance of drivers licenses	Federal Cash	416,858 20,140	416,858 2,014	833,717 20,140	0 2,014
	LB _____	Adopt federal medical certification for CDL holders	Cash	38,000	75,922	0	0
	LB _____	Amend handicapped parking permit statutes	Cash	38,000	(44,704)	0	0
	LB _____	Online driver licensing	General Cash	0 0	0 0	3,300 6,000	3,300 6,000
	LB _____	Eliminate the state subsidy for motorcycle safety	Cash	(41,300)	(183,357)	(35,700)	(291,200)
	LB _____	Eliminate NE Railway Council	General Cash	(2,429) 0	(2,429) 0	0 0	0 0
	LB _____	Change good time calculations for inmates and parolees	General	0	(108,185)	0	0
	LB _____	Reinstate community college aid formula (Note C)	General	0	0	0	0

NOTES:

- A. Governor's recommendation includes state support of \$810 million in FY 2011-12 and \$860 million in FY 2012-13.
- B. Governor's recommendation includes \$58.8 million federal Education Jobs Funds in FY 2010-11 that may be expended by schools through FY 2011-12
- C. Governor's recommendation includes state support of \$86.8 million in FY 2011-12 and \$87.9 million in FY 2012-13.

## Budget Adjustments: Agency Operations

General Fund Only

Ag#	Agency Name	FY 2011-12 over	FY 2012-13 over	FY 2012-13 over
		FY 2010-11	FY 2011-12	FY 2010-11
046	Correctional Services	13,727,799	1,006,913	14,734,712
051	University of Nebraska	(3,441,755)	6,648,340	3,206,585
003	Legislative Council	0	261,147	261,147
050	State Colleges	(523,935)	604,856	80,921
084	Environmental Quality	15,100	43,091	58,191
047	Educational Telecommunications	(8,668)	58,323	49,655
015	Parole Board	7,133	12,928	20,061
007	Governor	(4,414)	21,092	16,678
028	Veterans Affairs	(7,175)	19,080	11,905
008	Lt. Governor	138	187	325
081	Blind/Visually Impaired Comm.	0	0	0
082	Deaf/Hard of Hearing Comm.	0	0	0
027	Roads	(2,429)	0	(2,429)
009	Secretary of State	(6,156)	2,496	(3,660)
031	Military Dept	(42,222)	34,527	(7,695)
068	Latino-American Comm.	(18,634)	2,731	(15,903)
032	Educational Lands & Funds	(29,845)	5,110	(24,735)
077	Industrial Relations	(28,820)	2,947	(25,873)
048	Postsecondary Coordinating Comm.	(47,099)	18,401	(28,698)
035	Liquor Commission	(39,858)	7,494	(32,364)
087	Accountability & Disclosure Comm.	(39,118)	5,734	(33,384)
023	Labor	(52,145)	8,012	(44,133)
069	Arts Council	(55,385)	8,619	(46,766)
076	Indian Affairs	(58,745)	2,924	(55,821)
029	Natural Resources	(170,995)	110,485	(60,510)
067	Equal Opportunity Comm.	(123,495)	25,659	(97,836)
012	Treasurer	(80,172)	(20,167)	(100,339)
070	Foster Care Review Board	(129,673)	23,428	(106,245)
093	Tax Equalization & Review Comm.	(94,777)	(38,227)	(133,004)
011	Attorney General	2,173,936	(2,321,637)	(147,701)
010	Auditor	(195,413)	36,706	(158,707)
034	Library Commission	(211,054)	36,858	(174,196)
014	Public Service Comm.	(235,791)	28,420	(207,371)
072	Economic Development	(296,651)	50,532	(246,119)
021	Fire Marshal	(387,895)	57,283	(330,612)
065	Administrative Services	(686,109)	310,915	(375,194)
054	Historical Society	(454,619)	55,912	(398,707)
018	Agriculture	(590,013)	63,622	(526,391)
005	Supreme Court	(1,385,314)	779,728	(605,586)
033	Game and Parks	(797,939)	124,452	(673,487)
078	Crime Commission	(797,794)	(14,765)	(812,559)
013	Education	(1,180,022)	73,850	(1,106,172)
064	State Patrol	(2,200,631)	587,693	(1,612,938)
016	Revenue	(1,255,710)	(373,318)	(1,629,028)
025	Health and Human Services	(32,618,819)	4,155,015	(28,463,804)
<b>Total Operations Changes</b>		<b>(32,375,183)</b>	<b>12,527,396</b>	<b>(19,847,787)</b>

## Budget Adjustments: Aid to Governments, Individuals, and Other

General Fund Only

Aid Category	FY 2011-12 over FY 2010-11	FY 2012-13 over FY 2011-12	FY 2012-13 over FY 2010-11
<b>State Aid to Local Governments</b>			
TEEOSA State Aid	0	50,000,000	50,000,000
Homestead Exemption	7,300,000	5,400,000	12,700,000
School Employees Retirement	1,562,415	9,765	1,572,180
Aid to Community Colleges	0	1,112,122	1,112,122
Storm Water Mgmt. Grants	(172,148)	0	(172,148)
Aid to NRDs	(1,436,069)	0	(1,436,069)
Aid to ESUs	(2,906,923)	0	(2,906,923)
County Aid Program	(9,659,932)	0	(9,659,932)
Aid to Municipalities	(10,964,566)	0	(10,964,566)
<b>State Aid to Local Governments Total</b>	<b>(16,277,223)</b>	<b>56,521,887</b>	<b>40,244,664</b>
<b>State Aid to Individuals</b>			
Medicaid	92,610,511	31,466,427	124,076,938
Children's Health Insurance	(2,011,771)	3,104,227	1,092,456
Access College Early Program	54,750	0	54,750
Health Aid	(16,760)	0	(16,760)
Medical Student Assistance	(63,709)	0	(63,709)
Public Health Aid	(193,369)	0	(193,369)
Public Assistance	(9,028,490)	6,267,171	(2,761,319)
<b>State Aid to Individuals Total</b>	<b>81,351,162</b>	<b>40,837,825</b>	<b>122,188,987</b>
<b>Other State Aid</b>			
Business Innovation Act	7,000,000	0	7,000,000
Developmental Disability Aid	2,679,550	1,151,451	3,831,001
Violence Prevention Grants	150,000	0	150,000
Niobrara Council	(2,211)	0	(2,211)
Crime Stoppers	(13,457)	0	(13,457)
Aid to the Humanities	(18,620)	0	(18,620)
Aid to the Arts	(66,165)	0	(66,165)
Mainstreet Program	(93,100)	0	(93,100)
Entrepreneurial Communities	(139,650)	0	(139,650)
Aid to Aging	(399,972)	0	(399,972)
Microenterprise Loans	(463,172)	0	(463,172)
Ag Opportunities & Value-Added	(850,000)	0	(850,000)
Superfund	(1,166,600)	(191,550)	(1,358,150)
Behavioral Health Aid	(2,835,714)	141,256	(2,694,458)
<b>Other State Aid Total</b>	<b>3,780,889</b>	<b>1,101,157</b>	<b>4,882,046</b>
<b>Total Aid Changes</b>	<b>68,854,828</b>	<b>98,460,869</b>	<b>167,315,697</b>

## Budget Adjustments: Major Categories

General Fund Only

Type	FY 2011-12 over FY 2010-11	Annual % Chg.	FY 2012-13 over FY 2011-12	Annual % Chg.	FY 2012-13 over FY 2010-11
<b>Agency Operations</b>	<b>(32,375,183)</b>	<b>-2.6%</b>	<b>12,527,396</b>	<b>1.1%</b>	<b>(19,847,787)</b>
<b>State Aid</b>	<b>68,854,828</b>	<b>3.2%</b>	<b>98,460,869</b>	<b>4.4%</b>	<b>167,315,697</b>
State Aid to Local Governments	(16,277,223)	-1.3%	56,521,887	4.7%	40,244,664
State Aid to Individuals	81,351,162	10.6%	40,837,825	4.8%	122,188,987
Other State Aid	3,780,889	2.0%	1,101,157	0.6%	4,882,046
<b>Capital Construction</b>	<b>(150,000)</b>	<b>-1.1%</b>	<b>800,000</b>	<b>5.9%</b>	<b>650,000</b>
<b>Grand Total</b>	<b>36,329,645</b>	<b>1.1%</b>	<b>111,788,265</b>	<b>3.2%</b>	<b>148,117,910</b>

## General Fund Budget: Major Categories

<b>Appropriation by Major Category</b>	<b>FY 2010-11 Current</b>	<b>FY 2011-12 Recommendation</b>	<b>FY 2012-13 Recommendation</b>
Agency Operations	1,224,163,372	1,191,788,189	1,204,315,585
State Aid to Local Governments	1,210,048,306	1,193,771,083	1,250,292,970
State Aid to Individuals	770,592,812	851,943,974	892,781,799
Other State Aid	186,494,569	190,275,458	191,376,615
Capital Construction	13,802,233	13,652,233	14,452,233
<b>Total Appropriation</b>	<b>3,405,101,292</b>	<b>3,441,430,937</b>	<b>3,553,219,202</b>

<b>Dollar Change vs. FY 2010-11</b>	<b>FY 2011-12 Recommendation</b>	<b>FY 2012-13 Recommendation</b>
Agency Operations	(32,375,183)	(19,847,787)
State Aid to Local Governments	(16,277,223)	40,244,664
State Aid to Individuals	81,351,162	122,188,987
Other State Aid	3,780,889	4,882,046
Capital Construction	(150,000)	650,000
<b>Total Dollar Change</b>	<b>36,329,645</b>	<b>148,117,910</b>

<b>Annual Percent Change</b>	<b>FY 2011-12 Recommendation</b>	<b>FY 2012-13 Recommendation</b>
Agency Operations	-2.6%	1.1%
State Aid to Local Governments	-1.3%	4.7%
State Aid to Individuals	10.6%	4.8%
Other State Aid	2.0%	0.6%
Capital Construction	-1.1%	5.9%
<b>Total Percent Change</b>	<b>1.1%</b>	<b>3.2%</b>

<b>% of Total Appropriation</b>	<b>FY 2010-11 Current</b>	<b>FY 2011-12 Recommendation</b>	<b>FY 2012-13 Recommendation</b>
Agency Operations	36.0%	34.6%	33.9%
State Aid to Local Governments	35.5%	34.7%	35.2%
State Aid to Individuals	22.6%	24.8%	25.1%
Other State Aid	5.5%	5.5%	5.4%
Capital Construction	0.4%	0.4%	0.4%
<b>Total Percent Change</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

# **Summary of Governor's Recommendations**





# Summary of Governor's Recommendations

## Introduction

Budget instructions issued in June 2010 by the State Budget Division to all state agencies, boards, and commissions called for the submission of information that outlined state agency services and programs considered to be the lowest priority for financing if a reduction of up to 10% is necessary to the state budget. These instructions reflected the need for the development of the 2011-2013 budget to consider the relative priority of existing services and aid programs and not merely proceed in a manner that is cause for across-the board decisions. The Governor's budget recommendations were prepared after time-consuming, detailed review of all aspects of the State budget.

The Governor is not recommending "across-the-board" reductions. Specific recommendations regarding the funding level of each state agency, board, commission, and various aid programs are included in the Governor's recommendations. Many of the agency-identified budget modifications to reduce the State budget are included in part or whole in the Governor's recommendations. The Governor has proposed elimination of programs. The continued funding of services or aid programs at current or increased levels is an indication of the relative priority for those programs in the State budget.

## Tax Receipt Forecasts and Cash Reserve

The Nebraska Economic Forecasting Advisory Board revised its General Fund tax receipt forecast for FY 2010-11 and established its initial forecasts for the 2011-2013 budget biennium at its October 2010 meeting. The revised tax receipt forecast is \$3.4 billion for FY 2010-11. The initial forecast is \$3.4 billion for FY 2011-12 and \$3.6 billion for FY 2012-13. The forecasts for FY 2010-11 and FY 2011-12 are less than actual tax receipts three years earlier – FY 2007-08. In order to maintain critical state services and mitigate the effects of this decline in forecasted tax receipts the Governor is recommending that \$130 million be transferred from the Cash Reserve Fund to the General Fund in both FY 2011-12 and FY 2012-13. The Cash Reserve Fund balance is estimated to remain at \$62 million at the end of the 2011-2013 biennium after these proposed transfers. As Nebraska's economy improves in the 2013-2015 biennium, the Governor recommends that \$198 million be transferred from the General Fund to the Cash Reserve Fund to replenish its balance in preparation for any future adverse economic circumstances.

## Taxes and Fees

The Governor recommends no tax or fee increases. The Governor's specific recommendations regarding the funding level of state agencies, boards, commissions, and aid programs should not be construed as tacit support, reason, or cause for agencies, boards, commissions, political subdivisions, or other governing boards to increase other taxes or fees. Government agencies can establish budgets within existing resources.

The Governor's recommendations continue the property tax relief program begun in 2007 by transferring revenue from the General Fund to the Property Tax Credit Cash Fund for distribution in both

2012 and 2013 as a credit 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 every homeowner in Nebraska.

The recommendations also provide an increase of \$20 million in the 2011-2013 biennium for direct property tax relief in the form of homestead exemption payments.

## Spending

The federal government provided American Recovery and Reinvestment Act (ARRA) general services stabilization funds and enhanced federal Medicaid match rates (FMAP) which corresponded to a reduction enacted in the base General Fund appropriation for the Department of Corrections and the Medicaid program during the 2009-2011 biennium. The Governor's recommendations address these FY 2010-11 General Fund base appropriation cuts in order to maintain the security of our State prison system and the current level of eligibility for the Medicaid program as required by the federal government under the new federal health care reform law. The federal government also provided ARRA State Fiscal Stabilization Funds that were used to increase the level of school aid payments made during the 2009-2011 biennium. These one-time ARRA funds are not available to maintain this increased level of school aid payments in the 2011-2013 biennium.

In 2010, the federal Education Jobs Fund awarded Nebraska an additional \$58.8 million to be distributed as supplemental school aid payments during FY 2010-11. These funds may be expended by local school districts through FY 2011-12. The Governor urges you to expedite consideration and passage of the necessary legislation to make these additional payments.

While the national recession has had a dramatic effect on the level of Nebraska tax receipt forecasts, the Governor continues to place a priority on the financing of K-12 state aid to public schools. His recommendations maintain state support for TEEOSA K-12 school aid at \$810 million in FY 2011-12 and include an additional \$50 million to raise state support to \$860 million for FY 2012-13. Many other state services are simply maintained, reduced, or eliminated for both FY 2011-12 and FY 2012-13. K-12 school aid remains a high priority.

Nebraska must also continue to make the investments that make the State an ideal place to create jobs and grow a business. The Governor supports specific recommendations provided by the recently released Battelle study on how to strengthen support for the companies that make up our fastest growing sector and people they employ. His recommendations include funding for a Nebraska internship program, business innovation program, a site and building development fund, and an angel investment tax credit program.

The Governor's recommendations include \$8.5 million to support the joint efforts of the Nebraska Department of Education, the University of Nebraska, and the Nebraska P-16 Initiative to develop a virtual high school. This effort will provide fully accredited online high school courses with initial emphasis on science, technology, engineering, and mathematics. The Governor is also proposing a one-time \$25 million investment in the University of Nebraska's Innovation Campus. Innovation Campus is an outstanding opportunity to increase student enrollment, accelerate the expansion of research, and develop public-private partnerships in order to increase job opportunities for Nebraskans.

The General Fund budget recommendations are an average 2.2 percent increase – a 1.1 percent increase for FY 2011-12 and 3.2 percent increase for FY 2012-13.

The Governor's recommendations for the 2011-2013 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 remains consistent with the FY 2010-11 base year appropriation level.

## **07 - Governor**

The recommendation includes an agency requested decrease of \$20,000 General Funds in both FY 2011-12 and FY 2012-13 due to utilization of reappropriation carryover in-lieu of appropriation for dues and subscription expenses.

**Policy Research Office** – The recommendation remains consistent with the FY 2010-11 base year appropriation level.

## **08 - Lieutenant Governor**

The recommendation remains consistent with the FY 2010-11 base year appropriation level.

## **09 - Secretary of State**

The recommendation includes an agency requested reduction of \$51,164 cash funds in both FY 2011-12 and FY 2012-13 because of the elimination of an IT infrastructure support position.

The recommendation includes continuation of cash fund transfers in-lieu of General Funds from the Corporation Cash Fund of \$34,954 and Uniform Commercial Code Cash Fund of \$200,000 into the Elections Administration Fund in both FY 2011-12 and FY 2012-13 to fund administrative expenses and meet the minimum maintenance of effort (MOE) requirement of the Help America Vote Act (HAVA) funding.

The recommendation includes an agency requested increase of \$12,791 cash funds for increased cost of additional rental space at K Street facility to accommodate the box storage needs of state agencies in both FY 2011-12 and FY 2012-13.

The recommendations include reductions of \$8,001 General Funds, \$14,568 cash funds, and \$7,453 revolving funds for both FY 2011-12 and FY 2012-13 related to savings not identified by the agency in their 2011-2013 biennium budget request for not providing salary increases in FY 2010-11 for rules-covered and non-classified employees.

## **10 - Auditor of Public Accounts**

**State Agency & County Post Audits** – The recommendation includes an agency-identified budget modification of \$222,540 General Funds for both FY 2011-12 and FY 2012-13 for a reduction in 2.50 FTE positions and for computer hardware purchases.

**Cooperative Audits** – The recommendation remains consistent with the FY 2010-11 base year appropriation level.

## **87 - Accountability and Disclosure Commission**

The recommendation includes an agency-identified budget modification of \$41,093 General Funds for both FY 2011-12 and FY 2012-13 for a reduction in staff of one Office Clerk III position.

**Campaign Finance Limitation Act** – The recommendation includes an agency requested cash fund decrease of \$89,275 in FY 2011-12 and a decrease of \$5,575 in FY 2012-13 for the Campaign Finance Limitation Act program.

# Agriculture, Environment and Natural Resources

## **18 - Department of Agriculture**

The recommendation includes agency-identified budget modification reductions that reduce General Funds by \$624,242 in both FY 2011-12 and FY 2012-13. These modifications include: \$309,542 for reduction of five staffing positions, \$149,762 for elimination of General Funds for the Commercial Dog and Cat program, \$69,938 for a delay in the purchase of Weight and Measures program scale equipment, \$45,000 for a delay in the purchase of Laboratory program equipment, \$30,000 for elimination of the Backtagging Incentive Program – tagging of slaughter cows for origin/ownership identification through meat packing process, and \$20,000 for a reduction in departmental travel.

The recommendation includes increases of \$8,314 General Funds, \$8,086 cash funds, and \$1,927 federal funds for FY 2011-12 and \$8,337 General Funds, \$8,568 cash funds, and \$1,927 federal funds for FY 2012-13 as requested by the agency for increased administrative support costs.

**Riparian Vegetation** – The recommendation includes the agency's request of a decrease in aid of \$1,644,168 cash fund appropriations in both FY 2011-12 and FY 2012-13. The recommendation includes establishing a federal fund appropriation base of \$1,500,000 in both FY 2011-12 and FY 2012-13 for the Department of Agriculture to continue applying and accepting grants from USDA Natural Resources Conservation Services (NRCS). Currently, NRCS provides up to \$1,500,000 per year directly to eligible producers along the Republican River without the funds passing through the Department of Agriculture.

## **29 - Department of Natural Resources**

The recommendation includes the agency request to reduce the General Fund operations appropriation by \$211,163 in FY 2011-12 and FY 2012-13. This is the result of eliminating three FTE positions in FY 2010-11.

The recommendation includes the agency request to reduce the cash fund aid appropriation for the Soil and Water Conservation Aid Program and the Water Well Decommissioning Program. The available cash fund balance cannot support the current cash appropriation. The recommendation, in both FY 2011-12 and FY 2012-13, is to reduce the Soil and Water Conservation Program cash fund aid by \$334,750 to a base of \$50,000 and to reduce the Water Well Decommissioning Program cash fund aid by \$128,798 to a base of \$100,000. The recommendation also includes a \$300,000 change in cash funds from aid to operations in the Soil & Water Conservation Administration Program to accurately present the expenditure of a Water Resources Cash Fund grant.

The recommendation for federal appropriation maintains the FY 2010-2011 level of appropriation for FY 2011-12 and FY 2012-13.

## **33 - Nebraska Game and Parks**

The recommendation does not contain nor does it imply fee increases by the Nebraska Game and Parks Commission (NGPC). The recommendation includes all agency requests except the General Fund request of \$109,000 in FY 2011-12 and \$198,000 in FY 2012-13 for Lake Wanahoo, a flood control and recreational development of the Lower Platte North Natural Resource District. The recommendation does include equivalent cash fund appropriation for Lower Platte North NRD Lake Wanahoo operations. NGPC may choose to utilize the cash fund appropriation to enter into an agreement with the Lower Platte North NRD or utilize other available revenue. The recommendation includes a reduction of \$2,211 General Fund aid, a portion of the agency-identified budget modification for the Niobrara Council.

The agency requests include these strategies: financing activities from available cash and federal funds instead of General Funds, implementation of an agency-wide efficiency review and reorganization, providing operational funding for completed construction projects and wildlife conservation.

**Financing Activities from Available Cash Funds** – The NGPC identified programs where activities can be funded from available cash and federal funds instead of General Funds. These programs are Habitat Development, Parks Administration and Operations, Planning and Trails Coordination, and Engi-

neering and Area Maintenance. For both FY 2011-12 and FY 2012-13, this change results in a \$220,000 reduction in General Fund appropriation, an increase of \$243,070 in cash fund appropriation and an increase of \$23,070 in federal fund appropriation.

**Agency-Wide Efficiency Review and Reorganization** – The recommendation includes the agency request to reduce General Fund appropriations by \$930,709, cash fund appropriations by \$1,322,487, and federal fund appropriations by \$298,290 in both FY 2011-12 and FY 2012-13. A newly created position of Deputy Director will take the place of three Assistant Directors. The food service operation at Mahoney State Park was assigned to an outside contractor in December 2010. The NGPC reduced 30 FTE positions. Savings are achieved in these programs: Wildlife Conservation, Administration, Parks Administration and Operations, and Engineering and Area Maintenance.

**Providing Operational Funding for Completed Construction Projects** – Completed construction projects will become a part of the NGPC operating plan in the next biennium. These projects are Lake Wanahoo, new and renovated cabins in state parks and the Platte River State Park (PRSP) Outdoor Heritage Park. The recommendation includes increases in General Fund appropriation in the amount of \$265,982 in FY 2011-12 and \$246,005 in FY 2012-13 for new and renovated cabins and the PRSP Outdoor Heritage Park. The recommendation includes an increase in cash fund appropriations in the amount of \$729,626 in FY 2011-12 and \$772,012 in FY 2012-13 for Lake Wanahoo, new and renovated cabins in state parks and the PRSP Outdoor Heritage Park.

**Wildlife Conservation** – The recommendation includes an increase of \$519,945 in cash fund appropriations in both FY 2011-12 and FY 2012-13. The Nebraska Natural Legacy Project (NNLP) addresses the challenges of preserving Nebraska's biodiversity. A reduction in available federal funds generated the agency request to increase cash fund appropriation for contractual services and cooperative agreements. The wildlife programs address efforts to reduce the population of white-tailed deer and increase the population of ring-necked pheasants.

**Other Operational Recommendations** – The recommendation includes a vehicle insurance increase of \$30,233 in General Fund appropriations, \$126,274 in cash fund appropriations and \$27,590 in federal fund appropriations in both FY 2011-12 and FY 2012-13. The recommendation includes a \$52,221 increase in cash fund appropriations in FY 2011-12 for retirement payments of accrued leave benefits. The recommendation includes an increase in cash fund appropriations of \$17,578 in both FY 2011-12 and FY 2012-13 for the public safety communications system.

The recommendation includes additional federal fund appropriations to match the federal fund appropriations to the historic trend of federal fund expenditures. The recommendation increases the federal fund appropriations by \$3,100,000 in FY 2011-12 and FY 2012-13.

### ***39 - Nebraska Brand Committee***

The recommendation includes a reduction in cash fund appropriation for the agency requested accounting assessment reduction of \$919 in FY 2011-12 and \$718 in FY 2012-13. The recommendations include a reduction of \$63,321 cash funds for both FY 2011-12 and FY 2012-13 related to savings not identified by the agency in their 2011-2013 biennium budget request for not providing salary increases in FY 2010-11 for non-classified employees.

The agency requested an increase in cash fund appropriation of \$135,220 in FY 2011-12 and \$177,968 in FY 2012-13 for computers, employee relocation, headquarters maintenance, health insurance, printed forms and vehicle replacement. This recommendation does not include increased cash fund appropriation for these agency requested items as the current base appropriation is sufficient for the addition of these items.

### ***52 - Nebraska State Board of Agriculture***

**State Fair Board** – The recommendation remains consistent with their request. Lottery proceeds are appropriated at a \$2,500,000 level for both FY 2011-12 and FY 2012-13, mirroring the FY 2010-11 base year appropriation level.

### ***56 - Nebraska Wheat Board***

The recommendation includes the agency's request of a decrease of \$63,211 cash funds for FY 2011-12 and \$18,989 cash funds for FY 2012-13 for decreased contractual services in the promotion of wheat reflected by available cash funds.

The recommendation decreases cash fund appropriations by \$164 for FY 2011-12 and \$144 for FY 2012-13 as requested by the agency for decreased administrative support costs.

### **57 - Nebraska Oil and Gas Commission**

The recommendations include a reduction of \$3,973 cash funds for both FY 2011-12 and FY 2012-13 related to savings not identified by the agency in their 2011-13 biennium budget request for not providing salary increases in FY 2010-11 for rules-covered and non-classified employees.

The agency requested an increase in cash fund appropriation of \$26,774 in FY 2011-12 and \$45,484 in FY 2012-13 for IT system maintenance, retirement payments of accrued leave benefits, vehicle fuel cost increase and repairs and well plugging and abandonments. The recommendation does not include increased cash fund appropriation for these agency requested items as the current base appropriation is sufficient for the addition of these items.

### **60 - Ethanol Board**

The Nebraska Ethanol Board requested increased cash fund appropriation of \$27,500 in both FY 2011-12 and FY 2012-13 for market development of blender pumps. The recommendation does not include this agency request. The Ethanol Board may choose to utilize existing cash fund base appropriation for the marketing initiative. The recommendations include a reduction of \$5,250 cash funds for both FY 2011-12 and FY 2012-13 related to savings not identified by the agency in their 2011-13 biennium budget request for not providing salary increases in FY 2010-11 for rules-covered and non-classified employees.

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 2010 EPIC Report.

<b>Description</b>	<b>FY 2008-09</b>	<b>FY 2009-10</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>
EPIC Cash Fund Balance	23,577,745	9,494,942	8,698,656	(507,827)	(3,267,327)
Earned but not Transferred			(977,483)		
<b>Est. EPIC Beginning Balance</b>	<b>23,577,745</b>	<b>9,494,942</b>	<b>7,721,173</b>	<b>(507,827)</b>	<b>(3,267,327)</b>
Est. EPIC Revenues	14,613,287	16,787,836	15,905,984	15,300,000	3,400,000
101 <sup>st</sup> LB 316 Sec. 8 & 9 GF Transfer		8,250,000	3,000,000		
101 <sup>st</sup> Special Session LB 2 Sec 5 & 6 GF Transfer		214,008	28,016		
Recommended Additional GF Transfer				3,800,000	
Est. Total EPIC Revenues	14,613,287	25,251,844	18,934,000	19,100,000	3,400,000
Est. EPIC Expenditures	(29,279,811)	(26,353,929)	(27,313,000)	(21,859,500)	(4,000)
Interest on Invested Funds	583,721	305,799	150,000		
<b>EPIC Ending Fund Balance</b>	<b>9,494,942</b>	<b>8,698,656</b>	<b>(507,827)</b>	<b>(3,267,327)</b>	<b>128,673</b>

The recommendation includes a General Fund transfer of \$3,800,000 in FY 2011-12 in order to bring the EPIC fund into balance by December 31, 2012, the end date of the EPIC program. In December 2010, the EPIC fund could not fund the current month obligation and the amount reported on the December producer applications. As a result, the proration process was initiated according to Nebraska Revised Statute 66-1345(2)(d) where credits are issued in proportion to the funds available to reimburse the Highway Trust Fund. The Department of Revenue projection estimates this proration process will continue until December 2012 absent additional funding. The recommendation includes transfers as needed from the Cash Reserve Fund to the EPIC fund to resume full issuance of credits to the ethanol producers in July 2011. It is estimated that up to \$12,000,000 will be required throughout the remaining existence of

the EPIC fund to prevent proration. This same amount will then be transferred from EPIC back to the Cash Reserve Fund as revenue becomes available to the EPIC fund in late FY 2011-12 and early FY 2012-13. The recommendation restores transfers made to EPIC during this time to the Cash Reserve fund by November 2012.

### **61 - Nebraska Dairy Industry Development Board**

The recommendation decreases cash fund appropriations by \$53 for FY 2011-12 and \$43 for FY 2012-13 as requested by the agency for decreased administrative support costs.

### **71 - State Energy Office**

The recommendation includes the agency requested increase in federal appropriation for the American Recovery and Reinvestment Act (ARRA) grants. The amounts of \$28,504,727 in FY 2011-12 and \$1,594,534 in FY 2012-13 will provide the needed appropriation to complete the ARRA grant programs. The Nebraska Energy Office received ARRA grants in five major areas totaling \$84 million. Included in the request is an increase of seven FTE positions over the FY 2010-11 base for the ARRA grants in FY 2011-12 and a reduction of nine FTE positions in FY 2012-13 at the completion of the ARRA grants. In total, 12 FTE positions were added to the Energy Office since the funding of the programs in July 2009. The current base budget absorbed some of these new positions and therefore the request is less than the total number of positions added.

<b>ARRA Grant</b>	<b>Total Award</b>	<b>Biennium Budget Request</b>
Electricity Assurance	363,635	4,061,457
EECBG Energy Efficiency & Conservation Block Grant	9,593,500	
Energy Efficient Appliance Rebate Program	1,711,000	
State Energy Program	30,910,000	10,117,508
Weatherization Assistance for Low Income Persons	41,644,458	15,920,296
<b>Total</b>	<b>\$84,222,593</b>	<b>\$30,099,261</b>

The recommendation includes the agency request to reduce cash fund appropriation for the School Weatherization Program. This reduces the cash fund appropriation by \$28,691 in FY 2011-12 and FY 2012-13. The School Weatherization Program ended in 1996. The Energy Office continues to collect loans made under the School Weatherization Program. As loan payments are received, the Energy Office deposits the payments into the General Fund. As of June 30, 2010, a balance of \$135,640 remains to be collected. The last loan repayments are scheduled to be made in December, 2011.

### **74 - Power Review Board**

The recommendation includes a reduction in cash fund appropriation requested by the agency of \$36,611 in FY 2011-12 and \$37,111 in FY 2012-13. Lodging expense is lower due to reduction in travel. Nebraska Revised Statute Sec. 70-1003 (6) now allows the conditions certain report to be issued at the discretion of the Power Review Board rather than annually as previously required.

The recommendations include a reduction of \$4,168 cash funds for both FY 2011-12 and FY 2012-13 related to savings not identified by the agency in their 2011-13 biennium budget request for not providing salary increases in FY 2010-11 for rules-covered and non-classified employees.

### **84 - Department of Environmental Quality**

The recommendation includes a reduction in General Fund appropriation of \$1,166,600 in FY 2011-12 and \$1,358,150 in FY 2012-13 due to payment of the remaining Superfund cost share obligation in FY 2010-11. Also recommended is a \$172,148 General Fund appropriation reduction in storm water management aid in FY 2011-12 and FY 2012-13.

The recommendation includes the agency requested decrease in cash fund appropriation of \$1,700,000 in FY 2011-12 and FY 2012-13 for Waste Reduction grants due to availability of cash funds. The agency requested an increase in cash fund appropriation of \$1,750,000 in FY 2011-12 so that accrued administrative fee payments may be used for the federal match, reducing the need for bonds and interest expense. This request is included in the recommendation. The recommendation also includes a small increase in cash fund authority of \$4,170 in FY 2011-12 and FY 2012-13 for the public safety communication system.

The agency requested increase in appropriation of General, cash and federal funds for office rent expense increase is included in the recommendation. The General Fund appropriation increase is \$2,808 in FY 2011-12 and \$5,658 in FY 2012-13 for the agency rent increase. Cash fund appropriation increase is \$3,250 in FY 2011-12 and \$6,550 in FY 2012-13. Federal fund appropriation increase is \$18,744 in FY 2011-12 and \$37,773 in FY 2012-13.

The recommendation includes reappropriation of the remaining federal fund appropriation for completion of ARRA grants in FY 2011-12.

### ***86 - Dry Bean Commission***

The recommendation includes the agency's request of a decrease of \$8,983 cash funds for FY 2011-12 and \$8,992 cash funds for FY 2012-13 for decreased contractual services in the promotion of dry beans reflected by available cash funds.

The recommendations include a reduction of \$739 cash funds for both FY 2011-12 and FY 2012-13 related to savings not identified by the agency in their 2011-2013 budget request for not providing salary increases in FY 2010-11 for rules-covered and non-classified employees.

### ***88 - Nebraska Corn Board***

The recommendation includes the agency's request of a decrease of \$138,437 federal funds for both FY 2011-12 and FY 2012-13 for decreased contractual services in the promotion of corn reflected by available federal funds.

The recommendations include a reduction of \$10,806 in cash funds for both FY 2011-12 and FY 2012-13 related to savings not identified by the agency in their 2011-13 biennium budget request for not providing salary increases in FY 2010-11 for rules-covered and non-classified employees.

### ***92 - Nebraska Grain Sorghum Board***

The recommendation includes the agency's request of a decrease of \$17,375 cash funds for FY 2011-12 and \$17,384 cash funds for FY 2012-13 for decreased contractual services in the promotion of grain sorghum reflected by available cash funds.

The recommendation decreases cash fund appropriations by \$70 for FY 2011-12 and \$61 for FY 2012-13 as requested by the agency for decreased administrative support costs.

## **Economic Development**

### ***14 - Nebraska Public Service Commission***

The recommendation decreases the General Fund appropriation by \$235,791 for FY 2011-12 and \$207,371 for FY 2012-13. The reduction is contained in Enforcement of Standards – Common Carriers and includes the agency-identified budget modifications to eliminate three positions in the transportation division.

The recommendation decreases the cash fund appropriation by \$88,673 for FY 2011-12 and \$125,977 for FY 2012-13 for the requested levels of appropriations for government aid, capital outlay, operating expense, rent expense, and travel related expense. Not included in the recommendation is an

increase in government aid in the universal service fund program. The requested increase is based upon a change in federal regulations that has not been adopted.

The recommendation increases the federal fund appropriation by \$1,567,169 for FY 2011-12 and \$849,327 for FY 2012-13. This increase was requested by the agency for the one-time ARRA Broadband Mapping and Planning Grant.

## **19 - Department of Banking & Finance**

The recommendation increases the cash fund appropriation by \$386,895 for FY 2011-12 and \$449,002 for FY 2012-13. These increases support five additional examiners for the Securities and Mortgage Banker activities of the agency and a reduction of two staff positions.

**Transfers to General Funds** – When the 2009-2011 biennium budget was enacted, a transfer from the Securities Act Cash Fund of \$40,000,000 was authorized. During the subsequent 2009 Special Session and 2010 Regular Session, an additional \$21,608,162 for the biennium was authorized. For FY 2010-11, a total of \$37,322,121 will be transferred. This level of transfer is not sustainable in FY 2011-12 and FY 2012-13. In order to ensure a sustainable fund balance, the Governor recommends transferring \$19,000,000 a year to the General Fund.

## **22 - Department of Insurance**

The recommendation supports the agency's request for an increase in cash fund appropriations of \$361,361 for FY 2011-12 and \$836,974 for FY 2012-13. This increase is primarily to support additional examination costs. These increased costs are partly offset by decreases identified by the agency.

The recommendation increases federal fund appropriation by \$1,248,621 for FY 2011-12 and \$1,101,502 for FY 2012-13. Included in the recommendation is the expected funding available for the High Risk Pool Operations grant and two one-time grants received for Premium Rate Reviews and Health Care Exchange.

**Transfers to General Funds** – When the 2009-2011 biennium budget was enacted, a transfer from the Insurance Cash Fund of \$12,000,000 was authorized. During the subsequent 2009 Special Session and 2010 Regular Session, an additional \$14,500,000 for the biennium was authorized. For FY 2010-11, a total of \$11,500,000 will be transferred. This level of transfer is not sustainable in FY 2011-12 and FY 2012-13. In order to ensure a sustainable fund balance, the Governor recommends transferring \$6,000,000 a year to the General Fund.

## **23 - Department of Labor**

The recommendation for the Division of Employment supports the agency's request for an increase in federal fund appropriations of \$6,392,939 for FY 2011-12 and \$2,802,133 for FY 2012-13. Included in this increase is an estimate of the federal fund appropriation necessary for a base level of operations and an estimate of federal fund appropriation needed for above base operations. Also included in the recommendation is funding for three one-time federal grants.

The recommendation for the Division of Public Protection includes an agency-identified budget modification to reduce General Fund appropriation by \$54,207 for FY 2011-12 and FY 2012-13.

Included in the recommendation is a legislative bill proposal to streamline the inspections on traveling amusement rides and devices, elevators, and boilers. The bill proposal is projected to save the state \$796,895 per year in cash fund appropriation.

## **35 - Liquor Control Commission**

The recommendation decreases General Fund appropriation by \$39,858 for FY 2011-12 and \$32,364 for FY 2012-13. The recommendation includes an agency-identified budget modification to eliminate one FTE position.

### **36 - Nebraska State Racing Commission**

The recommendation includes the agency request to reduce cash fund aid appropriation to race tracks by \$20,000 in FY 2011-12 and FY 2012-13. The source of funds is a percentage of gross exotic daily receipts and the aid is used to supplement purses at the track. Because of the decline in the pari-mutuel handle, available funds have decreased to a level below the current cash fund appropriation base.

The recommendations include a reduction of \$11,503 cash funds for both FY 2011-12 and FY 2012-13 related to savings not identified by the agency in their 2011-13 biennium budget request for not providing salary increases in FY 2010-11 for rules-covered and non-classified employees.

### **41 - Nebraska State Real Estate Commission**

The recommendation maintains the FY 2010-11 level of cash fund appropriations for FY 2011-12 and FY 2012-13.

### **45 - Nebraska Board of Barber Examiners**

The recommendation increases cash fund appropriations by \$7,031 for FY 2011-12 and \$2,852 for FY 2012-13. This recommendation provides an increase in FY 2011-12 only for the agency to contract for specialized professional advisors, as the agency requested.

### **53 - Nebraska Real Property Appraiser Board**

The recommendation maintains the FY 2010-11 level of cash fund appropriations for FY 2011-12 and FY 2012-13 as requested by the agency.

### **58 - Board of Engineers & Architects**

The recommendation decreases cash fund appropriations by \$66,147 for FY 2011-12 and \$59,892 for FY 2012-13. The recommendation includes reductions identified by the agency as part of their budget request.

### **59 - Nebraska Board of Geologists**

The recommendation increases cash fund appropriations by \$12,500 for FY 2011-12 and \$13,500 for FY 2012-13 for increased administrative support costs.

### **62 - Nebraska Board of Examiners for Land Surveyors**

The recommendation maintains the FY 2010-11 level of cash fund appropriations for FY 2011-12 and FY 2012-13.

### **63 - Nebraska State Board of Public Accountancy**

The recommendation maintains the FY 2010-11 level of cash fund appropriations for FY 2011-12 and FY 2012-13 as requested by the agency.

### **66 - Nebraska Board of Examiners - Abstracters**

The recommendation increases cash fund appropriations for an increase in administrative support costs identified by the agency for FY 2011-12 and FY 2012-13.

## **72 - Department of Economic Development**

### **Talent and Innovation Initiatives**

The Governor's recommendation includes separate legislation to enact the following new economic initiatives:

**Nebraska Internship Program** – A Nebraska Internship Program is created and authorized to use up to \$3,000,000 in job training cash funding to provide incentives to companies to utilize Nebraska college and university students in paid internships. The recommendation includes an increase of \$28,000 in cash fund appropriation for administrative support of the new program.

**Site and Building Development Act** – The Act creates the Site and Building Development Fund to provide support for the development of industrial sites and buildings. A \$3,000,000 transfer will be made from the Affordable Housing Trust Fund to be used as start-up money. Additionally, 25%, or 30 cents, of the documentary stamp tax revenue currently directed to the Affordable Housing Trust Fund will be redirected to the Site and Building Development Fund. The recommendation includes an increase of \$28,000 in cash fund appropriation for administrative support of the new program.

**Angel Investment Tax Credit Program** – This program will provide tax credits to qualified investors who make certain investments in Nebraska-based start-up businesses. The fiscal impact is projected to be \$5,000,000 a year in tax credits and \$168,575 in FY 2011-12 and \$83,500 in FY 2012-13 in General Fund appropriation to the Department of Economic Development and Department of Revenue to administer the program.

**Business Innovation Act** – The Business Innovation Act will support research, innovation, and development to stimulate higher quality job opportunities across the state. Existing annual appropriations totaling \$1,545,922 from the Microenterprise Development Act (\$463,172), Main Street (\$93,100), BECA (\$139,650), and Value Added Ag (\$850,000) programs are redirected into this program. An additional \$5,564,078 in new General Fund appropriation is included. The recommendation includes a General Fund appropriation of \$110,000 per year for administration of the new program.

### **Agency Operations**

The recommendation decreases General Fund appropriation as requested by the agency by \$250,000 in the Tourism Promotion Division, \$133,366 for the sunset of the Innovation Zone Commission, a change to federal funding of \$86,380 for a staff position, and \$41,563 for the elimination of an Office Clerk position for FY 2011-12 and FY 2012-13.

The recommendation increases cash fund appropriation by \$362,856 for FY 2011-12 and \$384,230 for FY 2012-13. Included in the recommendation are an increase of \$500,000 for tourism marketing and a reduction of \$200,000 for a one-time appropriation from LB987A, 2010.

The recommendation increases federal fund appropriation by \$2,586,411 for FY 2011-12 and \$2,587,901 for FY 2012-13. Included in the recommendation is an increase in federal funds for the Neighborhood Stabilization Program that total \$5,000,000 over the biennium.

## **73 - Nebraska State Board of Landscape Architects**

The recommendation increases cash fund appropriations by \$10,299 for FY 2011-12 and \$10,989 for FY 2012-13 for agency identified increases in administrative support costs and examination costs.

# **Human Resources Development**

## **13 - Department of Education**

**Education Administration and Support** – The Department requested \$1,374,030 in General Funds for FY 2011-12 and \$2,330,905 in General Funds for FY 2012-13 to comply with assurances the State was required to make before receiving \$234 million in State Fiscal Stabilization Funds from the

American Recovery and Reinvestment Act of 2009. The integration of postsecondary institutions into the K-12 longitudinal data system is the only assurance that cannot be accomplished with existing Department resources.

The recommendation includes an increase of \$491,541 in cash funds for FY 2011-12 and \$108,136 in cash funds for FY 2012-13 to make the necessary changes to the longitudinal data system. A transfer from the Education Innovation Cash Fund to the Department of Education Cash Fund will provide the necessary funding.

The recommendation also includes an increase of \$5,500,000 in cash funds for FY 2011-12 and \$3,000,000 in cash funds for FY 2012-13 to fund the Department's request to develop and implement the Nebraska Virtual School, a joint initiative with the University of Nebraska to provide fully accredited online high school courses with initial emphasis on science, technology, engineering, and mathematics (STEM). A transfer from the Education Innovation Cash Fund to the Department of Education Cash Fund will provide funding for this initiative.

The recommendation includes a decrease of \$1,181,899 in General Funds for FY 2011-12 and \$1,283,843 in General Funds for FY 2012-13, in accordance with the Department's requested budget reductions and its identified budget modifications to reduce staff by about 14 FTE positions. The recommendation includes a decrease of \$831,732 in personal service limitation for FY 2011-12 and \$855,221 in FY 2012-13.

The recommendation also includes a reduction of \$90,549 in General Funds for FY 2010-11 and a corresponding decrease of \$78,635 in personal service limitation for FY 2010-11 in response to the Department's request to return funding equivalent to its 2.5% salary increase for non-labor contract employees, and an amount equivalent to two furlough days not volunteered by labor contract employees.

### **Education Aid:**

**TEEOSA** – The recommendation for the Tax Equity and Educational Opportunities Support Act (i.e., TEEOSA School Aid) includes \$810,264,560 in total state support (General Funds and Insurance Premium Tax distributions) for FY 2011-12 and \$860,602,810 for FY 2012-13. This assumes no additional General Fund increase in FY 2011-12 and an increase of \$50 million in General Funds for FY 2012-13, representing a 6.2 percent increase in state support from FY 2011-12 to FY 2012-13. See table that follows.

The Governor continues to prioritize K-12 education, despite the significant fiscal challenges facing the state. Since FY 2008-09, the National Association of State Budget Officers (NASBO) reports that most states have made large cuts to K-12 education, including several of our neighboring states. Iowa has cut over 10%; Colorado has cut over 6%; Kansas has cut almost 5%; and Missouri has cut almost 4%. These states also appear to be considering additional cuts in the upcoming fiscal year 2011-12.

**TEEOSA School Aid**

	<b>FY 2010-11</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>
<b>Governor's Recommendation (January 2011 )</b>			
State Support			
General Fund	796,734,560	796,734,560	846,734,560
General Fund offset for additional Insurance Tax	-792,840	0	0
Insurance Premium Tax	13,992,840	13,530,000	13,868,250
<b>Total State Support</b>	<b>809,934,560</b>	<b>810,264,560</b>	<b>860,602,810</b>
State Support Annual Change		330,000	50,338,250
State Support Annual % Change		0.0%	6.2%
<b>Federal Support</b>			
ARRA Stabilization Funds (one-time)	140,287,176	0	0
Education Jobs Fund (one-time)*		58,838,763	0
<b>Total TEEOSA Aid</b>	<b>950,221,736</b>	<b>869,103,323</b>	<b>860,602,810</b>
Total Annual Change		-81,118,413	-8,500,513
Total Annual % Change		-8.5%	-1.0%

\*Federal law requires states to appropriate Education Jobs Funds during the 2010-11 school year, but schools may use the funds during 2011-12.

During the 2009-2011 biennium, the State Fiscal Stabilization Fund (SFSF) of the American Recovery and Reinvestment Act (ARRA) provided \$234 million in federal funds for school aid, raising TEEOSA's average annual growth to 6.4 percent for those two years. When the SFSF funds were appropriated in early 2009, schools were encouraged to make prudent management decisions recognizing that this federal funding was "one-time" in nature and would expire on September 30, 2011. Schools were strongly encouraged to limit ongoing spending growth and increase cash reserves to prepare for the expected "cliff effect" of losing these temporary funds. Over the 2009-10 school year, K-12 public schools increased their reserves by over \$51 million in aggregate, although the largest two school districts reduced their reserves by about \$11.6 million.

In September, after schools established their annual operating budgets for the 2010-11 school year, Nebraska received an additional federal grant for \$59 million from the newly created Education Jobs Fund. Federal law requires Nebraska to appropriate these funds through TEEOSA during the 2010-11 school year, but schools may utilize all these additional funds during 2011-12. Schools have spent existing federal TEEOSA aid at a relatively slow pace—as of December 31, 2010, only 14.6% of FY 2010-11 SFSF funding has been expended—so it is unlikely that schools will amend their budgets to increase spending before the next school year.

In 2009, ARRA also awarded \$164 million of other federal aid to Nebraska's K-12 public schools through September 30, 2011. Most was awarded to the state's two largest school districts based on the larger number of students in poverty and/or qualifying for special education. As of December 31, 2010, only 33.7% of this federal school aid has been expended since August, 2009.

The recommendations also include a reduction of \$792,840 in General Funds in FY 2010-11 to adjust for additional Insurance Premium Taxes of \$792,840 received in excess of estimates.

The recommendation includes a reduction of \$47,596 in General Fund reappropriation for FY 2010-11 for other aid programs.

**ESU Aid** – The recommendation includes a decrease of \$625,495 in General Funds for FY 2011-12 and \$625,495 in General Funds for FY 2012-13, based on adopting a portion of the Department's identified budget modification to reduce aid to ESUs by 10 percent.

The recommendation also includes the elimination of Educational Service Unit (ESU) 18 and 19, resulting in a decrease of \$2,281,428 in General Funds for FY 2011-12 and \$2,281,428 in General Funds for FY 2012-13. Nebraska Revised Statutes 79-1204 (2)(b) describes the purpose of ESUs as providing for economy, efficiency, and cost-effectiveness in the cooperative delivery of educational services. ESU 18 and ESU 19 each serve single school districts, operating in-name-only under the direct control of the Lincoln Public School District and the Omaha Public School District, respectively. There appear to be no additional efficiencies that the ESUs could offer the state's largest two school districts. The districts could continue to perform all functions currently organized under their ESUs. It is estimated that elimination of ESUs 18 and 19 would also produce annual savings of \$5,000,000 in property taxes (i.e., tax receipts raised by the 1.5-cent ESU property tax levy).

**Education Innovation** – The recommendation for this program includes a decrease of \$1,060,000 in cash funds for FY 2011-12 and \$1,060,000 in cash funds for FY 2012-13 to reflect the end of distance learning equipment reimbursements, which are estimated to be provided to all eligible recipients pursuant to Nebraska Revised Statutes 79-1336 (1) by the end of FY 2010-11.

**Vocational Rehabilitation** – The recommendation for this program includes a decrease of \$17,838 in General Funds for FY 2010-11 and a corresponding decrease of \$15,491 in personal service limitation for FY 2010-11 to include the costs left out of the Department's calculation to return funding equivalent to its 2.5% salary increase for non-labor contract employees, and an amount equivalent to two furlough days not volunteered by labor contract employees.

**Services for the Blind and Visually Impaired** – The recommendation for this program is the same as the FY 2010-11 appropriation.

**Services for the Deaf and Hard of Hearing** – The recommendation for this program is the same as the FY 2010-11 appropriation.

**Professional Practices Commission** – The recommendation for this program includes an increase of \$453 in personal service limitation for FY 2010-11 to accept the Department's request to meet the payroll obligation of this program's one employee.

## 25 - Health and Human Services

The Chief Executive Officer of the Department of Health and Human Services (DHHS) manages 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 2011-12 and FY 2012-13, along with dollar and percentage changes from the FY 2010-11 base are shown in the following table:

DHHS	FY 2010-11	FY 2011-12	\$ chg	% chg	FY 2012-13	\$ chg From FY 2010-11	% chg From FY 2010-11
Operations	252,915,827	220,297,008	(32,618,819)	-12.9%	224,452,023	(28,463,804)	-11.3%
Aid	931,792,389	1,012,532,665	80,740,276	8.7%	1,054,663,197	122,870,808	13.2%
Total	1,184,708,216	1,232,829,673	48,121,457	4.1%	1,279,115,220	94,407,004	8.0%

**Administration** – The recommendation includes \$1,800,000 General Funds and \$14,800,000 federal funds in FY 2011-12 and in FY 2012-13 as requested by the agency to make changes to the Department's information systems to bring them into compliance with new HIPAA 5010 and National Council for Prescription Drug Programs (NCPDP) standards that regulate the electronic submission of specific healthcare transactions, as required by federal law. In addition, the Department will adopt, implement, upgrade and use Electronic Health Records (EHR) technology, including Health Information Exchange (HIE), and convert the data systems from the ICD-9 diagnostic code set to the ICD-10 diagnostic code set.

The recommendation includes \$2,000,000 General Funds and \$2,000,000 federal funds in FY 2011-12, and \$3,000,000 General Funds and \$3,000,000 federal funds in FY 2012-13 to finance a portion of the agency request for administrative costs associated with the implementation of federal health care reform. The need for additional financing for this issue will be reviewed and addressed when federal decisions are finalized.

The recommendation includes a \$213,161 General Fund reduction and a \$213,161 federal fund increase in FY 2011-12 and in FY 2012-13 as requested by the agency to finance a portion of agency printing costs with federal funds instead of General Funds.

The recommendation includes reductions of \$1,162,149 General Funds and \$1,162,149 federal funds in FY 2011-12 and FY 2012-13 associated with an agency-identified budget modification to reduce administrative staffing within the department.

The recommendation includes reductions of \$1,301,646 General Funds and \$1,848,428 federal funds for FY 2011-12 and FY 2012-13 in the Economic and Family Support administrative program. This recommendation represents one-half of an agency-identified modification to reduce expenses in the program. The recommendation does not include the elimination of the Wausa call center.

The recommendation includes a \$150,000 General Fund reduction in FY 2011-12 and FY 2012-13 to eliminate funding for the LB 603 evaluation contract as identified in an agency budget modification.

The recommendation includes a \$40,000 General Fund reduction in FY 2011-12 and FY 2012-13 to reduce the contract for behavioral health strategic planning as identified in an agency budget modification.

The recommendation includes reductions of \$459,584 General Funds and \$415,584 federal funds in FY 2011-12 and FY 2012-13 to reflect savings realized from implementing program efficiencies contained in budget modifications identified by the agency. These recommended efficiencies include centralizing the service area building rent budget, centralizing facility buyer positions, reducing the number of paper forms, and reducing or standardizing communications devices within the department.

The recommendation includes reductions of \$3,967,021 General Funds and \$3,967,021 federal funds in FY 2011-12 and FY 2012-13 to reflect savings to be achieved through a thorough review of agency contractual agreements. The savings identified by DHHS associated with implementing this budget modification will be achieved throughout the department and are not restricted to only administrative programs.

The recommendation includes \$127,580 General Funds and \$127,580 federal funds in FY 2011-12, and \$255,160 General Funds and \$255,160 federal funds in FY 2012-13 to hire additional developmental disabilities service coordination staff as requested by the agency. The recommendation includes \$202,582 General Funds for FY 2011-12 and \$283,730 General Funds for FY 2012-13 to reflect a change in the federal Medicaid match rate (FMAP) for federal FY 2012.

The recommendation includes a \$2,271,775 General Fund reduction and a \$2,271,775 federal fund reduction in FY 2011-12 and FY 2012-13 to reflect the savings from the elimination of the case management function within the department as the state continues to move toward the privatization of the child welfare system. The General Funds saved through this reduction have been added to the Public Assistance program.

The recommendation includes a \$310,000 General Fund reduction in FY 2011-12 and FY 2012-13 for the Children's Helpline due to low program utilization.

The recommendation includes a General Fund reduction of \$307,424 in FY 2011-12 and FY 2012-13 as requested by the agency to account for the savings in the administrative programs from centralizing agency payroll and finance functions.

The recommendation includes reductions of \$158,634 General Funds, \$12,760 cash funds, and \$173,463 federal funds in FY 2011-12, along with reductions of \$359,134 General Funds, \$29,000 cash funds, and \$393,000 federal funds in FY 2012-13 to reflect agency savings associated with the implementation of Enterprise Content Management (ECM). ECM is a combination of strategies, methods, and tools used to capture, manage, store, preserve, and deliver content related to an organization's functions.

The recommendation includes a \$220,000 General Fund reduction and \$220,000 cash fund increase for FY 2011-12 and FY 2012-13 as requested by the agency to reflect a fund shift from General Fund to cash funds for the financing of the X-Ray and Radiation Materials Program.

The recommendation does not include the \$2,630,843 General Funds requested by the agency for FY 2010-11 to serve as state match for federal Child Support Enforcement (CSE) funds.

**Twenty-Four Hour Care Facilities** – The recommendation includes for FY 2011-12 and FY 2012-13 inflationary increases for food and medical costs as requested by the agency for each of the 24-hour care facilities operated by DHHS. The recommendation includes a General Fund reduction of \$467,576 in FY 2011-12 and FY 2012-13 as requested by the agency to account for the savings at the 24-hour care facilities from centralizing agency payroll and finance functions.

**Beatrice State Developmental Center (BSDC)** - The recommendation includes federal Medicaid funds for the operation of BSDC based on the center being recertified as an approved provider for Medicaid services. The recommendation includes the elimination of the \$24,477,558 General Fund appropriation in FY 2011-12 and FY 2012-13 to the BSDC Contingency Program as requested by the agency. The recommendation includes a \$672,000 General Fund reduction and a \$1,008,000 federal fund reduction in FY 2011-12 and FY 2012-13 as requested by the agency to reflect an anticipated reduction in census at BSDC. The recommendation also includes \$565,447 General Funds and a reduction of \$565,447 federal funds in FY 2011-12, and \$753,929 General Funds and a reduction of \$753,929 federal funds in FY 2012-13 to reflect a change in the federal Medicaid match rate (FMAP) for federal FY 2012.

**Regional Centers** - The recommendation includes a \$4,200,000 General Fund reduction, a \$700,000 cash fund reduction, and a \$4,900,000 federal fund increase in FY 2011-12 and FY 2012-13. This fund mix change at the regional centers was included in the agency request.

**Veterans Homes** – The recommendation includes a \$2,200,000 General Fund reduction, a \$1,600,000 cash fund reduction, and a \$3,800,000 federal fund increase in FY 2011-12 and FY 2012-13. This fund mix change at the veterans' homes was included in the agency request.

**Juvenile Services** – The recommendation includes an additional \$5,000,000 General Funds in FY 2011-12 and FY 2012-13 as requested by the agency for juvenile detention costs at county-run facilities across the state.

**Medical Student Loans** – The recommendation includes a reduction of \$63,709 General Funds in FY 2011-12 and FY 2012-13 as identified by the agency as a budget modification.

**Provider Rates** – The recommendation generally includes a 5.0% decrease in General Funds available for provider rates in each of FY 2011-12 and FY 2012-13 as requested by the agency. It is recommended that rates for primary care services, rates for providers of child care, and rates for providers of services for developmentally disabled persons not be reduced in FY 2011-12 and FY 2012-13.

**Developmental Disability Aid** – The recommendation includes continuation of General Funds added for the current biennium to address the waiting list as well as funding included in the current biennium for clients transitioning from services provided at the Beatrice State Developmental Center to community-based services. The recommendation also includes \$2,879,550 General Funds in FY 2011-12

and \$4,031,001 General Funds in FY 2012-13 to reflect a decrease in the federal match rate (FMAP) for federal FY 2012. The recommendation includes a reduction of \$200,000 General Funds and increase of \$200,000 cash funds for FY 2011-12 and FY 2012-13 for a fund mix change requested by the agency.

**Medicaid** – The table below details the \$92,610,511 General Fund increase in FY 2011-12 and \$124,076,938 General Fund increase in FY 2012-13 recommended for the Medicaid program. The increases result from restoring a General Fund base appropriation cut, projected program utilization increases, and a change in the federal match rate. These increases are partially offset by provider rate reductions and benefit changes.

The recommendation includes an agency requested decrease of \$1,000,000 General Funds in FY 2011-12 and FY 2012-13 in the Medicaid program for Psychiatric Residential Treatment Facility (PRTF) room and board expenses that are not eligible to receive federal Medicaid matching funds. The recommendation for Public Assistance is increased by \$2,500,000 as requested by the agency in FY 2011-12 and FY 2012-13 for PRTF room and board expenses.

The recommendation includes the agency requested \$1,600,000 General Funds in FY 2011-12 and FY 2012-13 to provide Medicaid coverage for adults that are able to work and are receiving Aid to Dependent Children (ADC) benefits but do not meet their welfare work plan requirements. The Nebraska Supreme Court recently ruled that ADC adults that are able to work cannot be denied Medicaid coverage due to failure to follow welfare program work plan requirements. The recommendation also includes the agency-identified budget modification that involves amending state statutes to allow eliminating Medicaid coverage for ADC adults able to work but not meeting the work plan requirements. The recommendation includes the \$1,600,000 General Fund reduction in FY 2011-12 and FY 2012-13 associated with the elimination of the Medicaid coverage for these individuals.

<b>Medicaid - General Fund Only</b>	<b>FY 2011-12 Governor Recommend</b>	<b>FY 2012-13 Governor Recommend</b>
FY 2010-11 Appropriation	489,426,763	489,426,763
Federal match rate change (FMAP) for federal FY 2012	19,389,900	26,449,943
<u>Agency Requested Budget Issues:</u>		
Restoration of General Fund base appropriation cut	89,282,483	89,282,483
Medicaid utilization	19,579,180	44,072,539
Coverage for ADC adults not meeting welfare work plan reqs.	1,600,000	1,600,000
Reduce provider rates 5% (Excludes primary care)	(28,680,422)	(28,680,422)
Eliminate state-option Medicaid benefits for certain aliens	(2,627,986)	(2,627,986)
Eliminate coverage for PRTF room and board	(1,000,000)	(1,000,000)
Expand use of preferred drug list	(936,027)	(936,027)
Change durable medical equipment coverage	(783,095)	(783,095)
Reduce rate for nursing facility leave days	(356,064)	(356,064)
Eliminate state-only coverage for Medicare Part D co-pays	(660,531)	(660,531)
Institute/increase Medicaid co-pays	(260,927)	(347,902)
<u>Agency-Identified Budget Modifications:</u>		
Limit nutritional supplements for adults and children	(336,000)	(336,000)
Elim. coverage for ADC adults not mtg. welfare work plan reqs.	(1,600,000)	(1,600,000)
Total	582,037,274	613,503,701
\$ change from FY 2010-11 Base	92,610,511	124,076,938
% change from FY 2010-11 Base	18.9%	25.4%

The recommendation includes \$16,500,000 increased General Funds for FY 2010-11 as requested by the agency through the deficit process to account for a reduced federal match rate (FMAP) for federal FY 2011. The recommendation also includes a \$55,000,000 General Fund reduction for FY 2010-11 as requested by the agency through the deficit process to account for an extension of enhanced FMAP through June 30, 2011.

**Children's Health Insurance Program (CHIP)** – The table below details the \$2,011,771 General Fund decrease recommended for FY 2011-12 and the \$1,092,456 increase recommended for FY 2012-13 for the Children's Health Insurance Program. Increases are recommended for program utiliza-

tion and to reflect a change in the federal match rate. The decreases result from a recommended provider rate reduction and the use of cash funds to offset General Funds.

Available projected balances in the Health Care Cash Fund in the amounts of \$3,000,000 in FY 2011-12 and \$1,000,000 in FY 2012-13 are recommended to offset the need for additional General Funds for CHIP. The recommendation also includes offsetting the need for General Funds in FY 2011-12 and FY 2012-13 with the use of cash funds made available with the recommendation of agency-identified budget modifications in the Tobacco Prevention and Control Program, the Public Health Aid Program, and the Stem Cell Research Program.

<b>Children's Health Insurance - General Funds Only</b>	<b>FY 2011-12 Governor Recommend</b>	<b>FY 2012-13 Governor Recommend</b>
FY 2010-11 Appropriation	11,634,438	11,634,438
Federal match rate change (FMAP) for federal FY 2012	1,464,492	1,707,840
Health Care Cash Fund available balance	(3,000,000)	(1,000,000)
<u>Agency Requested Budget Issues:</u>		
CHIP program utilization	985,488	1,846,367
Reduce provider rates 5% (Excludes primary care)	(633,051)	(633,051)
<u>Agency-Identified Budget Modifications:</u>		
Reduce Tobacco Prevention and Control Program	(349,700)	(349,700)
Reduce Public Health Aid Program	(429,000)	(429,000)
Reduce Stem Cell Research Program	(50,000)	(50,000)
Total	9,622,667	12,726,894
\$ change from FY 2010-11 Base	(2,011,771)	1,092,456
% change from FY 2010-11 Base	-17.3%	9.4%

**Behavioral Health Aid** – The recommendation includes a \$3,000,000 General Fund reduction in FY 2011-12 and in FY 2012-13 for provider rates as requested by the agency. The recommendation includes a reduction of \$190,000 General Funds in FY 2011-12 and FY 2012-13 in the Family Navigator Program due to the program being utilized less than estimated. The recommendation also includes \$354,286 General Funds in FY 2011-12 and \$495,542 General Funds in FY 2012-13 due to the reduced federal match rate (FMAP) for federal FY 2012.

**Public Health Aid** – The recommendation includes a \$193,369 General Fund reduction and a \$429,000 cash fund reduction in the Public Health Aid program for FY 2011-12 and FY 2012-13. This is one-half the amount identified by the agency in a budget modification to reduce Public Health Aid. The cash funds associated with the reduction in this program are used to reduce reliance on General Funds in the Children's Health Insurance Program (CHIP) for FY 2011-12 and FY 2012-13.

**Aging Programs** – The recommendation includes reductions in General Funds for both the Aging Care Management Program and the Aging Community-Based Services Aid Program as requested by the agency. The combined amount of the General Fund reduction in the two programs is \$399,972 in FY 2011-12 and FY 2012-13.

**Stem Cell Research** – The recommendation includes a \$50,000 cash fund reduction in the Stem Cell Research Program in FY 2011-12 and FY 2012-13. This reduction was identified by the agency as a budget modification. The cash funds associated with this reduction are used to reduce the need for General Funds in the Children's Health Insurance Program (CHIP).

**Tobacco Prevention and Control** – The recommendation includes a reduction of \$349,700 cash funds in FY 2011-12 and FY 2012-13. The recommendation increases the amount of reduction identified by the agency as a budget modification from \$286,470 to \$349,700 each fiscal year. The cash funds associated with this reduction are used to reduce the need for General Funds in the Children's Health Insurance Program (CHIP).

**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 table below details the \$9,028,490 General Fund reduction in FY 2011-12 and \$2,761,319 General Fund reduction in FY 2012-13 recommended for Public Assistance. The recommendation

includes General Fund increases to restore a General Fund base appropriation cut, to reflect a decrease in federal matching funds, and an agency request to account for room and board expense associated with psychiatric residential treatment facility (PRTF) care in Public Assistance rather than Medicaid.

The recommendation includes a General Fund increase in Public Assistance that represents the savings from privatizing child welfare case management. The recommendation includes the use of available federal Temporary Assistance for Needy Families (TANF) funds to offset the need for additional General Funds as requested by the agency.

The recommendation includes a reduction in General Funds for contracted Employment First services at one-half the amount included as a reduction in the agency request.

The recommendation also includes the elimination of the state-option food stamp benefit that was identified for elimination in an agency budget modification.

<b>Public Assistance - General Fund Only</b>	<b>FY 2011-12 Governor Recommend</b>	<b>FY 2012-13 Governor Recommend</b>
FY 2010-11 Appropriation	248,124,986	248,124,986
Federal match rate change (FMAP) for federal FY 2012	1,376,964	1,644,135
Privatization of child welfare case management	2,271,775	2,271,775
<u>Agency Requested Budget Issues:</u>		
Use additional TANF federal funds to offset Gen Fund	(17,000,000)	(11,000,000)
Restoration of General Fund base appropriation cut	3,200,000	3,200,000
PRTF room and board expenses	2,500,000	2,500,000
Reduce Employment First contracts	(322,160)	(322,160)
<u>Agency-Identified Budget Modifications:</u>		
Eliminate state-option food stamp benefit expansion	(1,055,069)	(1,055,069)
Total	239,096,496	245,363,667
\$ change from FY 2010-11 Base	(9,028,490)	(2,761,319)
% change from FY 2010-11 Base	-3.6%	-1.1%

## **28 - Veterans' Affairs**

The Department of Veterans' Affairs serves as the advocacy agency for Nebraska's veterans. The Department's director is appointed by the Governor with approval of the Legislature. The agency administers the investment earnings from the Nebraska Veterans' Aid Trust Fund to provide temporary assistance to needy veterans and their dependents. The agency also is responsible for the operation of the state veterans' cemetery near Alliance, Nebraska.

The recommendation includes a \$7,338 General Fund base reduction for FY 2011-12 and FY 2012-13 to reflect salary savings from pay increases that were financed but not awarded to non-contract employees in FY 2010-11. The recommendation also includes \$8,000 cash funds in FY 2011-12 and \$6,000 cash funds in FY 2012-13 generated from the sale of military-themed specialty license plates. The cash funds are used to offset the need for General Funds for the operation of the state veterans' cemetery.

## **34 - Nebraska Library Commission**

The recommendation for this program includes a decrease of \$248,922 in General Funds for FY 2011-12 and FY 2012-13 to reduce operations in accordance with the agency's identified budget modifications. The recommendation includes a decrease of \$38,472 in personal service limitation for FY 2011-12 and \$49,440 in personal service limitation. This represents the net impact of an increase of three FTE positions to administer a federal grant and a reduction of six FTE positions for general agency operations. The recommendation also includes an offsetting increase of \$28,362 in General Funds for FY 2011-12 and \$30,417 in General Funds for FY 2012-13 for planned lease rate increases, as included in the agency request.

## **47 - Nebraska Educational Telecommunications Commission (NETC)**

**Network Operations** – Although submitted as a capital request, the Governor's recommendation funds the satellite replacement issue in the operations budget from existing agency resources. This recommendation requires the agency to redirect about 4.9% of its General Fund appropriation to fund the satellite replacement. The recommendations also include additional cash fund authority of \$43,500 in FY 2011-12 and \$79,000 in FY 2012-13 to fund operations for the Broken Bow translator, the New Media/CMS, and TV Broadcast Utility costs. The recommendations also extend cessation of the depreciation assessment for an additional two years, and continue the Task Force for Building Renewal zero-match policy.

**Public Radio** – The recommendation includes additional funding of \$8,000 cash funds in FY 2011-12 and \$16,000 cash funds in FY 2012-13 for radio engineering repairs, maintenance, and supplies needed to maintain broadcast equipment and towers. The recommendation also includes a reduction of General Fund support for the program of \$23,897 in FY 2011-12 and \$23,897 in FY 2012-13.

## **48 - Coordinating Commission for Postsecondary Education**

**Administration** – The recommendation includes a reduction of General Fund support for the administration program of \$60,693 in FY 2011-12 and \$60,693 in FY 2012-13.

**College Access Challenge Grant** – The recommendation includes a federal fund increase of \$1,500,000 in FY 2011-12 and in FY 2012-13 to provide appropriation for the College Access Challenge Grant program.

**Nebraska Opportunity Grant** – The recommendation includes a cash fund increase of \$1,250,000 in FY 2011-12 and \$1,250,000 in FY 2012-13 to provide additional aid for low-income students. The increase enables the Commission to award grants funded with growth in lottery proceeds.

**Access College Early Scholarship Program** – The recommendation includes a General Fund increase of \$54,750 in FY 2011-12 and \$54,750 in FY 2012-13 providing additional aid to qualified low-income high school students enrolling in college courses at eligible Nebraska colleges and universities.

## **50 - Nebraska State Colleges**

Education continues to be among the Governor's highest priorities. In keeping with that priority, recommendations for the Nebraska State College System include no significant funding reductions. The recommendation includes General Funds of \$44,846,037 for FY 2011-12 and \$45,450,893 for FY 2012-13. The General Fund reduction of \$523,935 for FY 2011-12 and General Fund increase of \$80,921 for FY 2012-13 above the FY 2010-11 appropriation base, represent annual change of -1.15% and 1.35% respectively.

To provide funding support for a 2.0% salary increase in FY 2012-13, and directly related benefit costs, the recommendation includes an additional \$602,084 in General Funds. The recommendation extends the depreciation assessment cessation for two additional years, and continues the zero-match policy of the Task Force for Building Renewal. However, the recommendations also recapture funds provided in the State College System base budget for the depreciation assessment, reducing General Fund support by \$530,060 in each year of the biennium. The recommendations also include a \$6,125 General Fund increase in FY 2011-12 and \$8,897 General Fund increase in FY 2012-13 to fund workers' compensation and accounting assessments. To accommodate a federally mandated change in student lending that now requires participation in the direct lending program, the recommendations also include a \$28,608,810 increase in Federal appropriation for both FY 2011-12 and FY 2012-13.

The recommendations do not include the additional \$2,105,535 General Funds requested for FY 2010-11 for faculty salary increases related to the recent Supreme Court decision affirming a CIR ruling.

## **51 - University System**

The Governor acknowledges the University's past efforts to keep tuition increases modest and predictable, while increasing need-based aid for students. Since education remains among the Governor's highest priorities, the Governor recommends no significant funding reductions for the University. The recommendation includes General Funds of \$491,278,349 for FY 2011-12 and \$497,926,689 for FY 2012-13. The General Fund reduction of \$3,441,755 for FY 2011-12 and General

Fund increase of \$3,206,585 for FY 2012-13 above the FY 2010-11 appropriation base, represent annual change of -0.70% and 1.35% respectively.

To provide funding support for a 2.0% salary increase in FY 2012-13, and directly related benefit costs, the recommendation includes an additional \$6,630,260 General Funds for the University. The recommendations include a \$329,394 General Fund increase in FY 2011-12 and \$347,474 General Fund increase in FY 2012-13 to fund the University's workers' compensation and accounting assessments. In addition, the recommendations extend the cessation of the depreciation assessment for two additional years, and continue the zero-match policy of the Task Force for Building Renewal. However, this biennium's recommendations also recapture the support provided to the University to fund the depreciation assessment, resulting in a General Fund reduction of \$3,771,149 in both FY 2011-12 and FY 2012-13.

### ***54 - State Historical Society***

The recommendation includes a decrease of \$476,891 in General Funds for FY 2011-12 and FY 2012-13 to reduce operations in accordance with the agency's identified budget modifications. The recommendation includes a decrease of \$483,609 in personal service limitation for FY 2011-12 and FY 2012-13, which is estimated to eliminate nine staff positions.

The recommendation also includes a reduction of \$150,000 in Nebraska Capital Construction Fund reappropriation for FY 2010-11 to adjust for the final cost of the Historical Society Headquarters Renovation Project, estimated to be completed in February 2011.

### ***68 - Latino-American Commission***

The recommendation includes a decrease of \$19,584 in General Funds for FY 2011-12 and FY 2012-13, to reduce operations in an amount not to exceed 10 percent, although the agency identified budget modifications to reduce operations by 90 percent.

### ***69 - Nebraska Arts Council***

**Promotion of the Arts** – The recommendation includes an increase of \$230,525 in federal funds for FY 2011-12 and FY 2012-13 to accept grants from the National Endowment for the Arts, and a decrease of \$143,580 in General Funds for FY 2011-12 and FY 2012-13, to reduce operations and aid programs in accordance with the agency's identified budget modifications.

**Cultural Preservation Endowment** – The recommendation does not include a \$500,000 transfer of General Funds to the Nebraska Cultural Preservation Endowment Fund in FY 2011-12 and FY 2012-13, which the Legislature intends pursuant to Neb. Rev. Stat. 82-331(3).

### ***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 housing 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 includes a reduction of \$88,544 General Funds for FY 2011-12 and FY 2012-13 associated with agency-identified budget modifications to reduce a Review Specialist position and to reduce operating expenses within the agency. The recommendation also includes a \$47,225 General Fund reduction for FY 2011-12 and FY 2012-13 as a base adjustment in lieu of the agency-identified budget modification to furlough agency staff on an ongoing basis.

### ***76 - Indian Affairs Commission***

The recommendation includes a decrease of \$59,843 in General Funds for FY 2011-12 and FY 2012-13, to reduce operations in accordance with the agency's requested budget reductions and identified budget modifications. The recommendation includes a decrease of \$25,000 in cash funds for FY 2011-12 and FY 2012-13, to reduce aid in accordance with the agency's budget request.

## **81 - Commission for the Blind and Visually Impaired**

The recommendation includes a decrease of \$249,919 in federal funds for FY 2011-12 and \$246,675 in federal funds for FY 2012-13 to adjust for the agency's planned loss of federal grants. The recommendation includes an increase of \$9,931 in cash funds for FY 2011-12 and \$18,720 in cash funds for FY 2012-13 to adjust for available cash balance. The Department of Administrative Services has determined that the monies collected into the Commission for the Blind and Visually Impaired (CBVI) Trust do not qualify as trust funds and should have been collected into a cash fund. It is recommended that the entire fund balance of the CVBI Trust be appropriated as Cash to offset General Fund appropriations over the course of several fiscal years. A decrease of \$2,029 in General Funds for FY 2011-12 and \$10,818 in General Funds for FY 2012-13 are the first two recommended offsets. There is a decrease of \$107,599 in personal service limitation for FY 2011-12 and \$112,299 in personal service limitation for FY 2012-13, to adjust for staff positions eliminated in FY 2010-11.

## **82 - Commission for the Deaf and Hard of Hearing**

The recommendation includes an increase of \$11,228 in cash funds for FY 2011-12 and \$5,478 in cash funds for FY 2012-13, to expend cash balances in lieu of General Funds, and a decrease of \$2,258 in General Funds for FY 2011-12 and \$12,667 in General Funds for FY 2012-13 to reduce operations in accordance with the agency's requested budget reductions. There is a decrease of \$67,717 in personal service limitation for FY 2011-12 and FY 2012-13, to adjust for staff positions eliminated in FY 2010-11.

## **83 - Nebraska Community Colleges**

**Aid to Community Colleges** – In view of the Governor's high priority for education, the recommendations do not include funding reductions for community colleges. The recommendation provides General Funds of \$86,758,025 for FY 2011-12 and \$87,870,147 for FY 2012-13. The recommendation maintains the FY 2010-11 level of appropriations for FY 2011-12. The General Fund increase of \$1,112,122 for FY 2012-13 represents an annual increase of 1.28% for the second year, and is intended to assist Community Colleges with funding a two-percent salary increase in FY 2012-13. Given past aid increases and significant revenue growth generated by recent enrollment increases, community colleges should have the necessary resources to continue providing educational opportunities to students without unduly burdening property tax payers.

Although Section 10 of Laws 2010, LB 1072 terminates the *Community College Foundation and Equalization Aid Act* on June 30, 2011, the six community college boards have all agreed to a fixed-share allocation for FY 2011-12 and FY 2012-13.

# **Public Finance**

## **12 - State Treasurer**

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 six state aid programs to local governments: Aid to Municipalities, Aid to Counties, Aid to Natural Resources Districts, Mutual Finance Assistance (rural and suburban fire departments), and sales tax turnback via the Convention Center Financing Support Fund and the Sports Arena Facility Financing Support Fund.

Highlights of the recommendations include:

### **Operations Programs**

- **Reduce excess budgeted personal services expense** – By taking advantage of new technology, the State Treasurer's Office has been able to reduce the required level of staffing during the past several fiscal years. The Treasurer's Office has indicated that the appropriation related to these va-

cant budgeted positions can now be reduced with no impact to the services provided by the agency. The recommendation includes reducing the General Fund appropriation to the State Disbursement Unit by \$50,145 General Funds and \$75,218 federal funds in each of FY 2011-12 and FY 2012-13 to capture the savings.

- **Repairs and maintenance expense** – The Treasurer's Office has increased automation through the use of various software and equipment. The State Disbursement Unit is working with a vendor to create an entirely new work-flow to more quickly and more efficiently process all paper payments. The software that will run the new work-flow on these machines has an annual maintenance cost, which includes future software updates. The recommendation includes an increase of \$32,000 General Funds and \$48,000 federal funds in FY 2011-12 to accommodate the need for the State Disbursement Unit to enter into service agreements for the maintenance of the new hardware and software. This amount will be available to the Treasurer's Office over the course of the 2011-2013 biennium for these maintenance costs.
- **NIC assessment** – The Nebraska Investment Council (NIC) charges annual fees to the College Savings Plan program based on the market value of assets in the College Savings funds as a portion of the market value of all assets. Prior to July 1, 2010 these fees were paid from the College Savings Administrative Fund, and were included in the College Savings Program operating funds budget. LB 197 (2010) changed the funding of the College Savings Plan, and the manner in which these fees are paid. The NIC fees are now transferred from a newly created College Savings Expense Fund, and do not have to be appropriated in the College Savings operating budget. The recommendation includes an appropriation reduction, consistent with the agency requests, of \$210,000 cash funds in each of FY 2010-11, FY 2011-12, and FY 2012-13 to account for this change.

#### **Aid Programs**

- **Aid to Municipalities/Natural Resources Districts** – With respect to the aid pass-through programs resident in the State Treasurer's Office, the Governor recommends legislation eliminating funding for the Aid to Municipalities program and the Aid to Natural Resources Districts program. The significant fiscal challenge facing the State budget requires an evaluation of the core priorities of State government. Many state agencies, boards, and commissions have previously sustained reductions of five to seven percent during the current economic recession with additional reductions proposed for the upcoming biennium. According to the budget documents submitted by cities to the Auditor of Public Accounts pursuant to the Nebraska Budget Act, the funding provided to cities through the Aid to Municipalities program during the 2009-10 budget year represented a mere 1.5% of their total restricted funds. According to the budget documents submitted by NRDs, the funding provided through the Aid to Natural Resources Districts program during the 2009-10 budget year represented a mere 2.6% of their restricted funds. Further, given current budgetary constraints and the continued growth in the Homestead Exemption program, direct property tax relief provided through the Homestead Exemption program is viewed as a higher priority than indirect relief provided via aid to local governments.
- **Mutual Finance Assistance** – The recommendation also includes reducing the Mutual Finance Assistance program by \$620,500 in each of FY 2011-12 and FY 2012-13. This reduction is a reflection of the fact that this program was not reduced during the 2009 special session or the 2010 regular session when many state programs have been reduced by as much as five to seven percent. A reduction in the state aid provided under the Mutual Finance Assistance program at this time recognizes the importance of spreading the effect of budget reductions as broadly as possible in order to minimize severity.

**Life Insurance Demutualization Trust Transfer** – Over the course of the last five years, the Life Insurance Demutualization Trust Fund has accrued interest earnings of about \$1,000,000 on the fund balance that is not subject to any escheat, or unclaimed property, claim. The Governor's recommendations include transferring this \$1,000,000 of unobligated accrued interest to the General Fund in FY 2011-12.

**Treasurer's Salary program deficit** – The agency submitted a deficit request for a reduction of \$3,000 cash funds in FY 2010-11 in the Treasurer's Salary program to resolve an error in the appropriation that was provided during the 2010 legislative session. The recommendation includes the agency requested \$3,000 cash fund reduction.

**College Savings Plan program manager** – The State Treasurer's Office selected a new program manager for the College Savings Plan over the course of 2009 and 2010. The Request for Proposal and the subsequent transition process has involved and will continue to require extensive outside legal assistance as well as contractual work completed by a third party company specializing in college savings plans. The recommendation for FY 2010-11 includes the agency requested \$130,926 cash fund

increase to provide the necessary spending authority for the unforeseen expenses related to the program manager transition.

## **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.

Highlights of the recommendations include:

### **Operations Programs**

- **Eliminate position vacancies** – The Department of Revenue submitted a budget modification that involved the elimination of eighteen currently vacant budgeted full-time equivalent positions, including auditors, revenue agents, and property tax appraisers, among others. The department identified these vacant positions as their lowest priority in terms of the ongoing operations of the department. The Governor recommends reducing the General Fund appropriation to the department by \$863,453 in each of FY 2011-12 and FY 2012-13 to capture the savings attributable to the elimination of these vacant positions.
- **Re-assumption of property assessment function** – LB 121 (2009) provided that beginning in FY 2010-11 the Property Tax Administrator shall bill each county for which the Property Tax Administrator has assumed the property assessment function each year until July 2013, at which time the State will no longer serve the counties in this capacity. The bill further provided that the amount of such billing shall be equal to fifty percent of the cost in FY 2011-12 and equal to seventy-five percent of the cost in FY 2012-13. The Governor's recommendation, consistent with the agency request, provides an increase of \$616,540 cash funds in FY 2011-12 and \$1,233,080 cash funds in FY 2012-13 and a corresponding reduction of General Funds each year to reflect the shift to this external source of funding for the operations of the Property Assessment Division.
- **Lottery contracts** – 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 includes \$726,782 cash funds in FY 2011-12 and \$898,982 cash funds in FY 2012-13 for lottery promotion and advertising activities, including a portion dedicated to problem gambling prevention, education, and awareness advertising. Finally, the recommendation provides \$799,009 cash funds in FY 2011-12 and \$554,810 cash funds in FY 2012-13 for increases in lottery vendor contract costs.

### **Aid Programs:**

The Department of Revenue also currently distributes aid under several programs. They are the County Aid Program, the Home Energy Conservation Improvement Program, and the Homestead Exemption Program. The Governor's recommendations for the department's aid programs include:

- **Eliminate County Aid Program** – As noted on the Aid to Municipalities and Aid to Natural Resources Districts programs resident in the State Treasurer's Office budget, the significant fiscal challenge facing the State budget requires an evaluation of the core priorities of State government. Direct property tax relief by way of the Homestead Exemption program is a higher priority than any indirect relief that may be produced. The Governor recommends eliminating the County Aid Program. According to the budget documents submitted by counties to the Auditor of Public Accounts pursuant to the Nebraska Budget Act, the funding provided to counties through the three predecessor programs of the County Aid Program (Aid to Counties, Jail Reimbursement Assistance, and County Tax Relief Aid) during the 2009-10 budget year represented a mere 1.5% of their restricted funds. This is in contrast to the five to seven percent reductions already sustained by many State programs without taking into account the additional reductions proposed for the 2011-2013 biennium.
- **Repeal Home Energy Conservation Improvement Program** – The Home Energy Conservation Improvement Program was designed to set aside the state sales taxes remitted by entities producing, distributing, or transmitting electricity. The program 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. However, since this

relatively new program's inception in 2008 the availability of federally funded and sponsored home energy conservation improvement programs has limited demand considerably. The Governor recommends legislation repealing the Home Energy Conservation Improvement Program and eliminating the dedication of the state's sales tax base for this specific purpose. Elimination of the program results in a cash fund appropriation reduction of \$8,119,840 in FY 2011-12 and FY 2012-13.

- **Homestead Exemption reimbursement to political subdivisions** – The Homestead Exemption program provides direct 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 governments 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 2010-11 is \$3,800,000 more than was appropriated. This higher tax loss for the current fiscal year, coupled with the effect of relatively slow income growth of the recipient population has resulted in an increase in eligibility and an increase in the appropriation projected to be needed to fully compensate local governments. The estimated increase for the next biennium includes \$7,300,000 General Funds in FY 2011-12 and \$12,700,000 General Funds in FY 2012-13 over the FY 2010-11 base appropriation. The recommendation includes the requested deficit appropriation as well as the agency requested increases for the 2011-2013 biennium.
- **Property Tax Credit Program** – The recommendation includes the appropriation of \$115 million in FY 2011-12 and FY 2012-13 to continue to provide direct 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 2010 the total amount of credit available for statewide distribution was also \$115 million. This \$115 million appropriation to the Property Tax Credit Program for 2010 provided a credit of \$79 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 2011-2013 biennium.

## **32 - Board of Educational Lands and Funds**

**Land Surveys** – The recommendation includes the budget modification reducing General Funds \$33,623 in both FY 2011-12 and FY 2012-13. The modification reduces FTE positions by 0.43 and lowers personal service limitation authority for the agency by \$21,208 each year. The recommendation also accepts the agency's request to reduce cash fund authority for FY 2011-12 and FY 2012-13 by \$6,471 each year, reflecting the lower balance in the Survey Repository Cash Fund.

**Disputed Surveys** – The recommendation for the program remains consistent with the FY 2010-11 base year appropriation.

## **65 - Administrative Services**

**Administrative Services** – The recommendation includes an agency request for no General Fund appropriation for indemnification claims in FY 2011-12. This is a General Fund reduction of \$241,250 for FY 2011-2012. It is projected by the agency that sufficient carryover appropriation will exist to allow the funding of this program for the FY 2011-12.

The recommendation includes an agency request to eliminate General Fund appropriation and increase revolving fund appropriation by \$79,015 for the Risk Management Division in FY 2011-12 and FY 2012-13.

The recommendation includes an agency requested elimination of General Fund appropriations of \$35,000 related to the maintenance and upkeep of Joslyn Castle. This appropriation is no longer required due to the sale of Joslyn Castle.

The recommendation decreases cash fund appropriation by \$38,116 for FY 2011-12 and FY 2012-13 for a reduction of one vacant staff position within the Benefits Administration Division.

The recommendation increases cash fund appropriation by \$150,000 for FY 2011-12 for the retaining of professional services within the Benefits Administration Division.

The recommendation increases cash fund appropriation by \$100,000 for FY 2011-12 in the Tort Claims program so an expected increase in cash fund balance can be utilized by the agency.

The recommendation includes an agency requested increase in revolving fund appropriation of \$800,000 for FY 2011-12 and \$1,400,000 for FY 2012-13 to implement the training module of the Talent Management System.

The recommendation includes a reduction in revolving fund appropriation for four vacant staff positions totaling \$104,330 for FY 2011-12 and FY 2012-13.

The recommendation includes a reduction in revolving fund appropriation of \$105,442 for FY 2011-12 and FY 2012-13 related to savings not identified by the agency in their 2011-13 biennium budget request for not providing salary increases in FY 2010-11 for rules-covered and non-classified employees.

The recommendation includes an agency deficit request to provide additional cash fund appropriation of \$93,433 for FY 2010-11 within the Tort Claims program. The agency requested the additional cash fund appropriation to utilize an increase in the cash funds available to pay tort claims.

**Office of the Chief Information Officer** – The recommendation includes an agency request to decrease General Fund appropriation by \$46,867 for FY 2011-12 and FY 2012-13. The agency's request is to finance a greater percentage of the State IT Policy and Planning Administrator from revolving funds. A corresponding increase in revolving fund appropriation is not necessary as sufficient authority exists in the revolving fund base.

The recommendation includes an agency request to eliminate the cash fund appropriation in the Communications Division beginning in FY 2011-12 and increase revolving fund appropriation by \$4,875,502. This change in appropriation results from the consolidation of a cash fund and a revolving fund into a single revolving fund.

The recommendation includes an agency request to increase revolving fund appropriation by \$404,478 for FY 2011-12 and FY 2012-13 for expansion of coverage of the Public Safety Communication System.

The recommendation increases federal fund appropriation by \$1,243,400 for FY 2011-12 and \$207,084 for FY 2012-13 for the one-time Health Information Technology Grant.

The recommendation includes a reduction of \$111,101 revolving funds for FY 2011-12 and FY 2012-13 related to savings not identified by the agency in their 2011-13 biennium budget request for not providing salary increases in FY 2010-11 for rules-covered and non-classified employees.

**Office of the Capitol Commission** – The recommendation includes the agency-identified budget modifications to reduce two staff positions, utility costs, and the use of temporary staff.

The recommendation maintains the FY 2010-11 level of cash fund and revolving fund appropriation for FY 2011-12 and FY 2012-13.

The recommendation includes a reduction of \$11,556 General Funds for FY 2011-12 and FY 2012-13 related to savings not identified by the agency in their 2011-13 biennium budget request for not providing salary increases in FY 2010-11 for rules-covered and non-classified employees.

## ***75 - Nebraska Investment Council***

The recommendation includes an agency identified decrease in cash fund appropriations of \$125,000 for FY 2011-12 and FY 2012-13 for an asset liability study that was completed in 2010. The agency request for relocation costs to the Assurity Building in FY 2012-13 is not included because the actual costs are not known at this time. Once those costs are known, an additional appropriation can be requested during the 2012 legislative session.

## ***85 - Nebraska Public Employee's Retirement Systems***

**Administration** – The recommendation includes a cash fund appropriations increase of \$116,146 for FY 2011-12 and reduction of \$153,310 for FY 2012-13. Included in the recommendation is support for a five-year experience study, and a 10-year compliance audit of the plans. The agency request for relocation costs to the Assurity Building in FY 2012-13 is not included because the actual costs are not known at this time. Once those costs are known, an additional appropriation can be requested during the 2012 legislative session.

**Board Member Expenses** – The recommendation maintains the FY 2010-11 level of cash fund appropriations for FY 2011-12 and FY 2012-13 as requested by the agency.

**Retirement Plans of the State** – The agency administers five separate retirement systems for public employees.

Plan	Comments
State Employee Plan	A hybrid defined benefit plan that guarantees a fixed return and allows for dividends to be paid. The employee contributes 4.8% of their salary to the plan. The state matches 156% and the county matches 150% of the employee contribution. Members are not guaranteed a fixed month payment upon retirement.
County Employee Plan	
Judges Retirement Plan	A defined benefit plan that guarantees a member a fixed amount of monthly payment that is based upon salary and years of service. The maximum amount of salary that can be received upon retirement is 70%. Judges contribute 1% to 9% of pay, based upon years of service, into the plan. The state contributes 255% of the employee contribution by adding \$6 per case from court fees.
Nebraska State Patrol Plan	A defined benefit plan that guarantees a member a fixed amount of monthly payment that is based upon salary and years of service. The maximum amount of salary that can be received upon retirement is 75%. Members contribute 16% of their salary into the plan and the State Patrol matches this amount. Note that State Patrol members do not pay into Social Security. Also, a member must retire at age 60.
School Employee Plan	A defined benefit plan that guarantees a member a fixed amount of monthly payment that is based upon salary and years of service. The maximum amount of salary that can be received upon retirement is 60%. Employees contribute 8.28% of their salary into the plan. The school district matches 101% of the employee contribution.

**Defined Benefit Plans Estimated Unfunded Liability** – The Retirement System's consulting actuary has estimated additional contributions are required for the School Employee Plan and the Nebraska State Patrol Plan.

The recommendation includes legislation to increase the school employee contribution rate by 1% for 2012 and 2013. The school district employer contribution rate will increase by 1.01%.

The recommendation includes legislation to increase the State Patrol member and employer contribution rate by 3% for FY 2011-12 and FY 2012-13

**School Employee's Retirement Plan Match** – The recommendation includes a General Fund base increase of \$1,562,415 in FY 2011-12 and \$1,572,180 in FY 2012-13 to finance the State's 1% match of salary under the School Employees Retirement System and 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.

**At-Large Commissioner** – The Governor recommends legislation to return the number of commissioners to three by eliminating the at-large commissioner position that was added in 2002. Elimination of the statutory requirement for an at-large commissioner results in a reduction of \$68,908 General Funds in FY 2011-12 and \$120,954 General Funds in FY 2012-13.

**Base Adjustment for Salary Savings** – The recommendations include a reduction of \$20,000 General Funds for both FY 2011-12 and FY 2012-13 related to savings not identified by the agency in their 2011-13 biennium budget request for not providing salary increases in FY 2010-11 for non-classified employees.

**Other Operating Expenses** – The commission requested a reduction related to other operating expenses that were viewed to be excess to the needs of the agency. The Governor's recommendation includes this reduction of \$15,604 General Funds in each of FY 2011-12 and FY 2012-13.

# Public Safety

## **05 - Supreme Court**

**Judges' Salaries** – Funding levels for the State Judges' Salaries' programs, on the whole, have increased by 37.4% since FY 2000-01, with an average annual increase of 3.2% over the last 10 years. State Judges were the only constitutional officers to receive a salary increase in FY 2010-11 and other constitutional officers will not receive salary increases through CY 2014. The recommendations reflect no increases in State Judges' salaries in either FY 2011-12 or FY 2012-13.

**Judges' Salaries - FICA Costs** – The recommendations provide for increases in the various State Judges' salary programs to accommodate higher costs related to FICA. The FICA maximum wage rate is increasing from \$106,800 in FY 2010-11 to \$114,900 in FY 2011-12 and to \$119,400 in FY 2012-13. The total combined increase in General Fund appropriations among all of the State Judges' salary programs within the Supreme Court will be \$68,800 in FY 2011-12 and \$107,023 in FY 2012-13.

**Retired Judges' Salaries** – From FY 2000-01 through FY 2009-10, the average expenditures by the Courts for the Retired Judges' Salaries program were \$47,436 per year. The FY 2010-11 base General Fund appropriations for this program are set at \$110,255. The recommendation for FY 2011-12 and FY 2012-13 re-sets this appropriation level to the 10-year average of \$47,436.

**Additional District Court Judge** – Laws 2009, LB 35 establishes one additional District Court Judgeship effective July 1, 2011 (the beginning of FY 2011-12). The recommendations provide a personal service limitation increase of \$132,053, but not an overall increase in General Fund appropriation.

**Court and Probation Federal Fund Appropriation Levels** – The recommendations include a Supreme Court budget request for an increase in the base federal fund appropriation level for both the Court Operations (\$219,963), as well as Probation Services (\$208,798). These increases bring the base federal fund appropriations for these programs up to a more consistent level with the annual amount of federal grants awarded the State Court and Probation Systems.

**Court Operations Adjustment** – The overall funding levels for Supreme Court Operations have grown by 48.5% since FY 2000-01, with an average annual increase over the last 10 years of 4.1%. The Supreme Court's base General Fund appropriation for the Operations program was \$27,692,954 for FY 2010-11. The recommendations include an overall 5% reduction of the General Fund appropriation level for the Court Operations program in both FY 2011-12 and FY 2012-13, in lieu of the larger agency-identified budget modification reductions.

The recommendations maintain the Probation, Specialized Courts, and Court Automation programs at the FY 2010-11 appropriation levels.

**Probation Services Cash Fund Spending Authority** – In FY 2008-09, the Office of Probation Administration and the Nebraska Department of Health and Human Services (DHHS) began a collaborative pilot project to provide services to juveniles and their families in the juvenile justice system in Douglas County. Under this project, Probation supervises the juveniles and arranges for the services. DHHS provides the funding for the services which passes through the Probation Program Cash Fund and is appropriated to the Court's Community Corrections program. The recommendations include Probation Services – Community Corrections budget request to increase the cash fund spending authority for the reimbursement from DHHS to allow for anticipated expenditure levels during the next biennium of an additional \$1,000,000 in each of FY 2011-12 and FY 2012-13.

## **11 - Attorney General**

**Interstate Water Litigation** – The Attorney General's Office is defending the State of Nebraska against allegations of non-compliance by the State of Kansas on the Republican River Compact. In May 2010, the State of Kansas filed a Motion for Leave to File Petition in the United States Supreme Court alleging that Nebraska overused its share of the Republican River water in 2005 and 2006. These actions have required the hiring of multiple experts and substantial travel in the basin and between the three States. The recommendations include the Attorney General's budget request for increased General Fund appropriations of \$2,403,846 in FY 2011-12 to allow for adequate funding to defend against Kansas' claims in the United States Supreme Court.

**Operating Budget Adjustment** – The recommendations include a General Fund reduction of \$290,658 for both FY 2011-12 and FY 2012-13, in lieu of taking a larger 10% agency-identified budget modification.

## **15 - Nebraska Board of Parole/Board of Pardons**

The recommendations for FY 2011-12 and FY 2012-13 remain consistent with the FY 2010-11 base level.

## **21 - State Fire Marshal**

**Staffing Reductions** – The recommendations include an agency-identified budget modification, reducing General Fund appropriations by \$163,201 in both FY 2011-12 and FY 2012-13, by reducing staffing levels by two positions with related savings in operating costs for associated communications and electronics equipment.

**Base Adjustment for Salary Savings** – The recommendations include reductions of \$38,335 General Funds and \$12,866 cash funds for both FY 2011-12 and FY 2012-13 related to savings not identified by the agency in their 2011-2013 biennium budget request for not providing salary increases in FY 2010-11 for rules-covered and non-classified employees.

**Training and Instructional Classes Reduced** – Recommendations include two of the Fire Marshal's budget modifications, which generate annual General Fund savings of \$64,083 in both FY 2011-12 and FY 2012-13, as follows: reduce the number of hours budgeted for part-time instructors each year and corresponding reductions in instructor travel costs for \$39,848 per year and reduce the number of Fire School classes offered by the State Fire School Training Division for savings of \$24,235 each year.

**Eliminate VERRRA Program Reporting** – The Volunteer Emergency Responders Recruitment and Retention Act (VERRRA) was enacted in 1999. Nebraska Revised Statutes, §35-1311.01 requires jurisdictions relying on the services of volunteers providing fire protection and emergency response services to file a report annually with the State Fire Marshal specifying the number of emergency responders. The Fire Marshal compiles the reports and forwards to the Clerk of the Legislature annually. The recommendations include eliminating the VERRRA program reporting requirements (an agency-identified budget modification), which would save \$12,066 per year in General Funds.

**Equipment Cost Reductions** – Recommendations include an agency-identified budget modification relating to the Fire Marshal's need for vehicle-related radio and computer equipment. The agency has identified several vehicles for which previously budgeted radio and other electronics equipment will no longer be necessary. Eliminating this equipment from their base appropriation levels will result in annual General Fund savings of \$59,642 for both FY 2011-12 and FY 2012-13. The recommendations also include an agency budget request to defer purchase of computer equipment for another two years, thereby saving General Funds of \$52,689 in both FY 2011-12 and FY 2012-13.

## **30 - State Electrical Board**

**Salary and Benefits Reductions** – Due to recent employee turnover in the agency, the Electrical Board replaced two senior inspectors with new-hires, thereby reducing the salary levels for these positions. The agency is also experiencing less overtime than anticipated and believes they can reduce their base for overtime pay as well. The recommendations include the agency's request to reduce salary and overtime of \$31,603 cash funds in both FY 2011-12 and FY 2012-13. Recommendations also include the agency request to reduce \$17,466 cash funds in both FY 2011-12 and FY 2012-13 due to changes in benefits from health insurance and retirement costs.

## **31 - Military Department**

**Governor's Emergency Program** – In FY 2008-09 the agency submitted a deficit budget request in the amount of \$5,000,000 for obligations related to federal disaster declarations. The Governor's recommendations were to add this \$5,000,000 as cash fund appropriation to the Emergency Program, financed by a \$5,000,000 transfer to the Emergency Fund from the Cash Reserve Fund. In addition, the Governor recommended adding another \$5,000,000 to the Emergency Program in anticipation of future disaster events. The Legislature enacted only the \$5,000,000 for the deficit request, but not the additional amount for future events.

The Nebraska Emergency Management Agency (as part of the Nebraska Military Department), has now submitted a deficit request, for FY 2010-11, in the amount of \$5,860,000, as follows:

<b>Location</b>	<b>Current Obligations</b>
Central Nebraska Ice Storms, Dec. 2006	100,000
Central Nebraska Storms/Flooding, June 2007	215,000
Central Nebraska Storms/Flooding, July 2007	50,000
Western Nebraska Storms/Flooding, Aug. 2007	60,000
S.E. Nebraska Storms/Flooding, Jan. 2008	90,000
S.E. Nebraska Storms/Flooding, May 2008	30,000
Central Nebraska Storms/Flooding/Tornado, June 2008	750,000
Eastern Nebraska Storms/Flooding, July 2008	225,000
Statewide Spring Storms, 2008	700,000
Southeast Nebraska Snow Storm, Nov. 2009	90,000
Statewide Snow Storm, Dec. 2009	1,100,000
Eastern Nebraska Ice Jams Flooding, Spring 2010	750,000
Statewide Storms and Flooding, Spring 2010	6,000,000
Eastern Nebraska Windstorm, Summer 2010	100,000
<b>Current Obligation Federal Disasters:</b>	<b>10,260,000</b>
<b>Other state obligations not listed above (Bovine TB, Fires)</b>	<b>740,000</b>
<b>Current Obligated Balance:</b>	<b>11,000,000</b>
<b>Reserve-Spring 2011 potential disasters:</b>	<b>2,000,000</b>
<b>Total</b>	<b>13,000,000</b>
<b>Current Appropriation Balance:</b>	<b>7,140,000</b>
<b>Deficit amount requested in FY 2011:</b>	<b>5,860,000</b>

The Governor’s recommendations include increasing General Fund appropriations in FY 2010-11 for the Governor’s Emergency Program by \$5,860,000 to address this deficit request. The Governor also recommends appropriating an additional \$5,000,000 in General Funds to the Program, as a reserve against future disaster obligations. This will better prepare the State for future disasters and allow NEMA the ability to respond in a timely manner to assist political subdivisions in their efforts to address these circumstances.

**Federal Fund Base Adjustment** – Recommendations include a Military Department budget request for a \$5,000,000 increase in their base federal fund appropriation level. This increase brings the base federal fund appropriation for the National Guard program up to a more consistent level with the annual amount of federal grants awarded the Military.

**Add Six Firefighter FTE** – The Air Force guidelines set required staffing levels for the Nebraska National Guard Air Base. Established requirements are based on the type of aircraft assigned to the Air and Army National Guard as well as the Lincoln Municipal Airport. Due to troop deployments and attrition, six additional Firefighter support FTE positions are required to be in compliance with the Air Force guidelines. The recommendations include providing sufficient federal fund appropriation authority and salary limit increases to accommodate the addition of the six firefighter positions. The federal fund increase will be \$389,647 in both FY 2011-12 and FY 2012-13.

**Staffing Reductions** – The recommendations include cost savings of \$49,343 General Funds and \$197,372 of federal funds for both FY 2011-12 and FY 2012-13 associated with a reduction of five FTE positions.

### **37 - Workers’ Compensation Court**

**Federal Fund Base Adjustment** – The recommendations include a Court budget request for a \$15,719 increase in the federal fund appropriation level. This increase brings the federal fund appropriation for the Court operating program up to a more consistent level with the annual amount of federal grants awarded to the Court. The recommendations provide for this increase in federal fund appropriation for both FY 2011-12 and FY 2012-13.

**Base Adjustment for Salary Savings** – The recommendations include reductions of \$19,149 cash funds and \$243 federal funds for both FY 2011-12 and FY 2012-13 related to savings greater than those identified by the agency in their 2011-2013 biennium budget request for not providing all of the budgeted salary increases in FY 2010-11 for non-classified employees.

**Enterprise Content Management Cost Savings** – Enterprise Content Management (ECM) is the combination of strategies, methods and tools used to capture, manage, store, preserve, and deliver content related to an organization's functions. Content can include documents, email, images, video, audio, and any information in digital format. The ECM tool being purchased by the State also allows electronic forms and workflow to streamline processes. The Office of the CIO is working with several state agencies (including the Workers' Compensation Court) to implement ECM. It is estimated the Court will see efficiencies and cost savings from ECM of \$37,575 in the areas of adjudication e-filing and re-engineering, centralized scanning, and decommissioning of Lotus Notes.

The recommendations include partial year cost savings from ECM implementation of \$12,913 cash funds in FY 2011-12 and a full year's efficiencies of \$37,575 cash funds in FY 2012-13.

**Health Insurance Cost Allocation Adjustment** – The recommendations include reducing the FY 2011-12 and FY 2012-13 cash fund appropriation by \$30,511 each year to correct for an over-appropriation of health insurance costs for Workers' Compensation Court Judges in the agency budget request.

## **46 - Department of Correctional Services**

**Adult Operations** – The recommendations for the Department of Correctional Services, Adult Operations programs include an overall General Fund increase over the FY 2010-11 base year of \$13,727,799 in FY 2011-12 and of \$14,734,712 in FY 2012-13; an overall cash fund decrease of \$347,651 in both FY 2011-12 and FY 2012-13; an overall federal fund decrease of \$17,000,000 in FY 2011-12 and of \$16,993,728 in FY 2012-13; and an overall revolving fund increase of \$19,399 in FY 2011-12 and of \$99,061 in FY 2012-13.

The recommendations include the following:

- Increase in General Funds for the inmate costs for food of \$350,000 in FY 2011-12 and of \$400,000 in FY 2012-13;
- Increase in General Funds for inmate costs for medical care of \$1,357,959 in FY 2011-12 and of \$2,418,600 in FY 2012-13;
- Increase in General Fund costs of \$130,853 in FY 2011-12 and of \$128,853 in FY 2012-13 for three additional custody staff for the Omaha Correctional Center (OCC), based on the facility population estimates.;
- Increase General Funds in FY 2011-12 and FY 2012-13 by \$17 million to adjust the base appropriation for the Department as a result of the discontinuance of the federal general services fiscal stabilization funds.
- Decrease in General Funds as a result of cost-savings initiatives in health services, of \$480,000 in both FY 2011-12 and FY 2012-13;
- Decrease in General Funds as a result of the agency reducing staff by 25 FTE positions , thereby reducing the base staffing and salary levels by \$1,020,270 for both FY 2011-12 and FY 2012-13;
- Decrease in General Funds as a result of eliminating four work crews at the Work Ethic Camp in McCook, for \$223,415 in both FY 2011-12 and FY 2012-13;
- Decrease in General Funds and corresponding increase in federal funds as a result of an initiative to house federal detainees in state facilities, of \$762,120 in both FY 2011-12 and FY 2012-13;
- Legislative Bill proposal relating to increasing good time for inmates and parolees, which would save General Funds of \$108,185 in FY 2012-13;
- Change funding for CSI Deputy Director salary from General Funds to revolving funds for savings of \$136,374 in both FY 2011-12 and FY 2012-13;
- Decrease General Funds from reductions in IT applications and programming costs of \$250,000 in both FY 2011-12 and FY 2012-13;
- Decrease General Funds as a result of reducing Central Office staff by five FTE positions, for savings of \$200,000 in both FY 2011-12 and FY 2012-13;
- Decrease in General Funds from reductions in overtime of \$200,000 in both FY 2011-12 and FY 2012-13;
- Decrease in General Funds from reductions in leased vehicle usage of \$100,000 in both FY 2011-12 and FY 2012-13.

**Lower Prison Population** –The agency is working with the Parole Board to provide the ability to increase the number of paroled inmates in an effort to reduce the number of inmates in prison. Reducing the inmate population strategically will allow the Department to close selected housing units within facilities, thereby achieving staffing and other operating cost savings. The agency identified eight budget modifications related to decreasing costs as a result of reducing the overall inmate population through increasing the number of inmates paroled by as many as 1,000. The total impact from these eight modifications would reduce the General Fund appropriation level by \$12.2 million in both FY 2011-12 and FY 2012-13. The recommendations include portions of four of these modifications, for General Fund reductions of \$2.5 million in FY 2011-12 and of \$4.2 million in FY 2012-13. The modifications identified for the recommendations include portions of the agency’s “Stage 1” inmate reduction strategy, as well as related savings from reductions in program staff, facility staff, and central office staff. The recommendations do not include any of the agency’s “Stage 2” reductions or additional program and facility staffing reductions related to the Stage 2 level of inmate population reductions.

**Community Based Services** – The recommendations include increased cash fund appropriations for parole services of \$240,000 in both FY 2011-12 and FY 2012-13.

**Building Depreciation** – The LB 1100 depreciation assessments from the State Building Division were suspended in FY 2009-10 and FY 2010-11. The recommendations include continuing the suspension of these depreciation assessments for FY 2011-12 and FY 2012-13.

**County Jail Reimbursement** – The recommendations reflect the elimination of the county jail reimbursement program, pursuant to Laws 2009, LB 218, which goes into effect July 1, 2011. This change will reduce the General Fund appropriation for the Department by \$3,640,210 in both FY 2011-12 and FY 2012-13.

## **64 - Nebraska State Patrol**

**Base Adjustment for Salary Savings** – The recommendations include a reduction of \$619,385 in General Funds for both FY 2011-12 and FY 2012-13 related to savings not identified by the agency in their 2011-2013 biennium budget request for not providing salary increases in FY 2010-11 for rules-covered and non-classified employees.

**DROP Retirement Contributions** – State Patrol Troopers who enter the Deferred Retirement Option Plan (DROP) program do not continue to contribute to the retirement plan. The agency also ceases making contributions to the plan at that time. Due to the number of employees eligible for the DROP program and the estimated number expected to enter the program in the upcoming biennium, the recommendations include General Fund reductions of \$371,439 in FY 2011-12 and of \$547,241 in FY 2012-13 to reflect savings for agency contributions.

**Additional Retirement Contributions** – The Retirement System’s consulting actuary has estimated additional contributions are required for the Nebraska State Patrol Plan. The recommendation includes legislation to increase the State Patrol employer contribution rate from 16% to 19% for FY 2011-12 and FY 2012-13. The General Fund increase is estimated at \$628,798 for FY 2011-12 and \$653,903 for FY 2012-13. The cash fund increase is estimated to be \$174,265 for FY 2011-12 and \$181,222 for FY 2012-13.

**Reductions in Fleet Vehicle Purchases** – The recommendations include the agency-anticipated savings in General Funds of \$1,175,400 in both FY 2011-12 and FY 2012-13, due to the reduced estimates for fleet vehicle purchases.

**Civilian Position Staffing Reductions** – The recommendations include one of the agency-identified budget modifications, to reduce part of their civilian workforce by 10 FTE positions. The anticipated savings in General Funds from this staffing reduction would be of \$525,935 in both FY 2011-12 and FY 2012-13.

**Criminal Identification Division Reorganization and Staffing Increases** – In 1978 the Nebraska Legislature passed the Security, Privacy, and Dissemination of Criminal History Information Act. The act authorizes the Nebraska State Patrol to be the central repository of criminal history records information for the State of Nebraska and also defines criminal history collection and dissemination procedures. Increased demands for criminal history, background, and fingerprint checks have strained the Criminal Identification Division’s ability to process requests in a timely manner. The recommendations include a State Patrol budget request for an increase in staffing of eight FTE positions in the Criminal Identification Division. The recommendations include the corresponding increase in Cash Fund appropriations of \$283,990 in both FY 2011-12 and FY 2012-13.

**Troop Facility Updates** – Recommendations include increases of \$300,000 in cash fund appropriation for both FY 2011-12 and FY 2012-13 to allow the Patrol to proceed with plans included in the agency request to provide updates to various facilities throughout the state, including Lexington, Chadron, Bridgeport, and McCook.

**Public Safety Communication System** – The Nebraska State Patrol is a primary user of the new Public Safety Communication System for the state, now in its final phases of completion. As a result of reduced costs per user, as well as lower than budgeted costs for certain equipment for the system, the CIO estimates savings to the State Patrol of \$171,623 each year for the upcoming biennium. The recommendations include reductions in General Funds of \$88,791 in both FY 2011-12 and FY 2012-13 and reductions in cash funds of \$82,832 in both FY 2011-12 and FY 2012-13.

## ***67 - Equal Opportunity Commission***

**Re-base Federal Fund Appropriation** – The recommendations include reducing the base federal fund appropriation level by \$130,076 for both FY 2011-12 and FY 2012-13, as the agency identified these amounts as being higher than the normal federal grant levels received on an annual basis.

**Reduce Staffing by Two Investigator Positions** – The recommendations include reducing the General Fund appropriation by \$102,167 in both FY 2011-12 and FY 2012-13 to reflect an agency-identified budget modification, eliminating two Investigator positions.

## ***77 - Commission of Industrial Relations***

The Commission consists of five commissioners appointed by the Governor to administer the Industrial Relations Act and the State Employees Collective Bargaining Act. The CIR's jurisdiction is limited to disputes between governmental or public utility employees and employers and does not include private sector labor relations disputes.

The recommendation includes a \$30,998 General Fund reduction for FY 2011-12 and FY 2012-13 for identified agency budget modifications that include reductions to commissioner travel, commissioner attendance at conferences, and commissioner per diem expenses.

## ***78 - Nebraska Commission on Law Enforcement and Criminal Justice***

**Federal Fund Base Adjustment** – The recommendations include the Commission on Law Enforcement and Criminal Justice (Crime Commission) request, which provides for increases in the base federal fund appropriation levels for three programs – Criminal Justice Information System, Victim/Witness Assistance, and Administration, totaling \$1,110,000. These increases bring the base federal fund appropriation for these programs up to a level more consistent with the annual amount of federal grants awarded the Crime Commission for these activities.

**Eliminate the Jail Standards Board** – The recommendations include proposed legislation to eliminate the Jail Standards Board and the resulting reductions in General Fund appropriations of \$286,259 in FY 2011-12 and of \$286,259 in FY 2012-13.

**Eliminate the Community Corrections Council** – The recommendations include proposed legislation to eliminate the Community Corrections Council, resulting in reductions in General Fund appropriations related to the operating costs associated with the Council, such as travel and meeting costs and certain other operating expenses, totaling \$31,000 in both FY 2011-12 and FY 2012-13. The Community Corrections program and staff would remain within the agency, with the remaining appropriations for operating costs and the programmatic costs which are provided to the Courts System still in place.

Recommendations for this program also include a reduction in programmatic costs in the amount of \$274,127 General Funds for both FY 2011-12 and FY 2012-13.

**Funding for the Office of Violence Prevention** – Laws 2009, LB 63, created the Office of Violence Prevention. Laws 3009, LB 63A, provided \$100,000 of General Fund appropriation for operating costs of the Office and provided \$350,000 cash fund appropriation for aid distribution to local entities to help curb gang violence. There was, however, no sustained source of cash funding for supporting the continuation of the cash fund appropriation levels. The recommendations provide \$130,000 in appropriations (General Funds) for operations and \$350,000 in appropriations (\$150,000 General Funds and \$200,000 cash funds) for aid. The recommendations include the following changes to appropriations and funds transfers:

Eliminate the base \$350,000 cash fund aid appropriation in the Office of Violence Prevention for both FY 2011-12 and FY 2012-13.

Change \$180,000 of General Fund appropriation to cash fund appropriation in the Crime Commission program for the Law Enforcement Training Center, for both FY 2011-12 and FY 2012-13; then redirect this General Fund savings to increase the General Fund appropriation level of the Office of Violence Prevention by \$180,000 in both FY 2011-12 and FY 2012-13, using \$30,000 for operating costs and \$150,000 for violence prevention grants.

Transfer \$200,000 from the Commission on Public Advocacy's Legal Services Aid Fund to the Violence Prevention Cash Fund in the Crime Commission in both FY 2011-12 and FY 2012-13.

Establish \$200,000 cash fund appropriation in both FY 2011-12 and FY 2012-13 in the Office of Violence Prevention, to be used for violence prevention grants.

## **94 - Commission on Public Advocacy**

**Base Adjustment for Salary Savings** – The recommendations include a reduction of \$16,538 in cash funds for both FY 2011-12 and FY 2012-13 related to savings not identified by the agency in their 2011-2013 biennium budget request for not providing salary increases to FY 2010-11 for rules-covered and non-classified employees.

**Reduce Legal Services Aid Cash Fund and Appropriation** – The recommendations include transferring \$200,000 from the Legal Services Aid Fund to the Violence Prevention Cash Fund in the Crime Commission in both FY 2011-12 and FY 2012-13, as well as reducing cash fund appropriations for Legal Services Aid, by \$200,000 in FY 2011-12 and FY 2012-13.

# **Transportation**

## **17 - Department of Aeronautics**

**Operations of Department of Aeronautics (Development & Enforcement)** – The recommendation includes an agency requested reduction of \$4,725 cash funds both in FY 2011-12 and FY 2012-13 for aid to Civil Air Patrol.

The recommendation includes an agency requested increase of \$192,019 cash funds in FY 2011-12 and \$357,019 in FY 2012-13 for engineering and architecture services that include plans for runway marking, surveys, pavement inspections, and engineering software upgrade. These projects are reimbursed through grants from the Federal Aviation Administration Airport Improvement Program.

**Public Airports** – The recommendation includes agency requested reductions of cash funds of \$1,539,600 in both FY 2011-12 and FY 2012-13 for Federal Aviation Administration and state-administered grants for airport improvements; and state-funded revolving loans for hangar and fuel storage projects.

**State-Owned Aircraft** – The recommendation includes an agency requested reduction in rent expense for Lincoln Airport Authority hangar space of \$3,750 cash funds for both FY 2011-12 and FY 2012-13.

The recommendation includes an agency requested reduction in rental charges for the use of the University of Nebraska Foundation airplane of \$106,000 cash funds for FY 2011-12 and \$101,000 for FY 2012-13.

## **24 - Department of Motor Vehicles**

The recommendation includes agency requested federal fund increases of \$625,288 in FY 2011-12 and \$582,829 in FY 2012-13 to provide a base appropriation for four federal grants. Three of the grants are from the Department of Homeland Security relating to the Driver License Security Grant Program intended to facilitate the Nebraska DMV to improve the security and integrity of the driver license and identification card issuance process. The fourth grant is from the Federal Motor Carrier Safety Ad-

ministration being used primarily to study the feasibility of using radio frequency identification license plates for commercial vehicles.

The recommendation includes an agency requested cash fund increase of \$38,447 for both FY 2011-12 and FY 2012-13 to annualize the adjustments for a United States Postal Services postage increase. Also recommended is a cash fund reduction of \$80,963 for both FY 2011-12 and FY 2012-13 to provide adjusted funding levels for the cost savings realized by Driver Licensing Services Division in replacing the required letter-size driver license renewal notices with a post card.

The recommendation includes an agency requested cash fund decrease of \$64,125 in both FY 2011-12 and FY 2012-13 to annualize the cost of Laws 2009, LB 202 for computer programming to implement electronic titling and a lien module to the Vehicle Titling and Registration (VTR) computer system. This recommendation also reflects Laws 2010, LB 650A to provide adjusted funding levels for computer programming to modify the VTR system to allow for the issuance of mini-truck registrations.

**License Plate Issuance** – The recommendation includes a reduction of cash funds of \$4,508,248 for FY 2011-12 and \$5,902,295 for FY 2012-13 for the 2011 plates and stickers issuance cycle. The manufacturing process for the new plates began during FY 2009-10 and the agency will experience reduced costs in the 2011-13 biennium to maintain an appropriate level of license plate and sticker inventories available at the county treasurer issuing sites throughout the State.

**Motorcycle Safety** – The recommendation includes a legislative bill proposal to eliminate the Motorcycle Safety Program. The current administration and responsibilities of the Motorcycle Safety Education Fund would be absorbed into Department of Motor Vehicles - Driver Licensing Examining Services within current appropriation levels. A transfer within sixty days of January 1, 2012, estimated at \$800,000, would be made from the Motorcycle Safety Education Fund to the Department of Roads - Roads Operations Cash Fund.

**Transfers to General Fund** – The recommendation includes transfers of \$1 million in both FY 2011-12 and FY 2012-13 from the Department of Motor Vehicles Cash Fund to the General Fund.

**Staffing Reductions** – The recommendation includes a reduction of \$189,171 cash funds in FY 2011-12 and FY 2012-13 to reflect savings resulting from the elimination of five positions by the Department of Motor Vehicles in FY 2010-11.

## **27 - Department of Roads**

The total cash fund recommendation for the Department of Roads over the 2011-13 biennium, including operations, government aid, highway construction, and capital facilities construction is based on a motor fuel tax level of 26.4 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 between the cities and the counties of Nebraska. Federal funds are based on a continuation level, assuming Congress provides full funding for federal fiscal year 2011.

The recommendation includes an estimated Surface Transportation Program size of \$304 million for both FY 2011-12 and FY 2012-13 based on a state Highway Cash Fund appropriation of \$374 million per year. In order for Department of Roads to achieve an increase in the funding for the construction of roads, internal budget resources were reallocated in each year of the biennium through efficiencies, reductions, cost avoidances, and a lower level of service. The agency requested reallocations include: continuation from last biennium of a \$5 million reduction in purchasing of heavy road equipment, pickups, vans, and cars for both years of the biennium; continued elimination in both FY 2011-12 and FY 2012-13 of \$5 million in new building construction projects; \$2.2 million reduction of salaries and benefits for 45 FTE positions in both FY 2011-12 and FY 2012-13; \$1.5 million reduction of right-of-way land purchases in both FY 2011-12 and FY 2012-13; and an \$800,000 cash fund transfer from the elimination of the Motorcycle Safety Education Fund to Department of Roads – Roads Operations Cash Fund in FY 2012-13. These cost savings and transfer will be used to increase the construction program.

**Rail Council** – The recommendation includes a legislative bill proposal to eliminate the Rail Council, repeal the Light-Density Rail Line Assistance Act, and repeal Nebraska's participation in the Midwest Interstate Passenger Rail Compact. The legislation results in the reduction of \$2,429 General Funds for per diems of the Branch Rail Council for FY 2011-12 and FY 2012-13.

**Public Transportation Aid** – The recommendation for cash fund authority to Transit Aid for Mass Transit, and Transit Aid for Intercity Bus Service remains consistent with the FY 2010-11 base year appropriation level.

#### **40 - Nebraska Motor Vehicle Industry Licensing Board**

The recommendation includes the agency request of \$10,000 for both FY 2011-12 and FY 2012-13 to provide for rental of a state-owned vehicle and mileage expense for an investigator being hired in mid-state Nebraska.

**Base Adjustment for Salary Savings** – The recommendations include a reduction of \$1,874 cash funds for both FY 2011-12 and FY 2012-13 related to savings not identified by the agency in their 2011-2013 biennium budget request for not providing salary increases in FY 2010-11 for rules-covered and non-classified employees.

# Enterprise Issues

## ***State Employee Salary and Health Benefit Costs***

The Governor's budget recommendations include funding for state employee salaries based upon the provision of no salary increase in FY 2011-12 and a 2.0% salary increase in FY 2012-13. This is consistent with the agreement reached with the Nebraska Association of Public Employees Local 61 of the American Federation of State, county and Municipal employees (NAPE/AFSCME) for the 2011-2013 biennium.

The recommendations also include funding for a salary increase of 1.5% in FY 2011-12 for state employees who did not receive a salary increase in the current FY 2010-11. State employees covered by labor contracts received a salary increase in FY 2010-11. Non-labor contract covered employees, except employees of the Nebraska Department of Education and the Court System, did not receive a salary increase in FY 2010-11.

Constitutional officers will not receive a salary increase for FY 2011 through FY 2014. No additional funding has been included for them in the Governor's recommendations. Judges in the Court System received a 2.5% salary increase in FY 2010-11. The recommendations do not include funding for a salary increase for Court System judges during the 2011-2013 biennium.

No additional funding is included in the recommendations for the employer cost of state employee health insurance benefits during the 2011-2013 biennium. It is anticipated that the average employer cost of state employee health benefit plans will not increase during the 2011-2013 biennium.

The bargaining process was not completed with the State Code Agency Teacher's Association (SCATA) and the State Law Enforcement Bargaining Council (SLEBC) in time for the impact of the contracts on individual employees to be included in this publication. The Governor's budget recommendations include funding for salaries and benefits of employees covered by these contracts at the same rate as provided for employees represented by the Nebraska Association of Public Employees Local 61 of the American Federation of State, county and Municipal employees (NAPE/AFSCME).

The Governor's budget recommendations include \$1,828,837 General Funds, \$1,304,061 cash funds, \$444,247 federal funds, \$248,934 revolving funds in FY 2011-12 and \$9,437,235 General Funds, \$5,614,092 cash funds, \$3,241,230 federal funds, \$970,564 revolving funds in FY 2012-13, or \$3,826,079 and \$19,263,121 total funds each fiscal year, respectively, to finance the recommendations noted for non-higher education state employees.

The recommendation for the University, State Colleges, and community college system includes additional funding calculated on the same basis as the agreement reached for non-higher education employees represented by NAPE/AFSCME and no additional funding to finance health benefit costs—no increase in FY 2011-12 and a 2.0% increase in FY 2012-13. The recommendation includes additional General Funds of \$6,630,260 for the University, \$602,084 for the State Colleges, and \$1,112,122 for the community colleges, in FY 2012-13.

There are no additional funding requirements for state employees retirement plans, except as noted earlier in this publication for members of the Nebraska State Patrol Retirement Plan.

# **Capital Construction**





## Capital Construction

Capital construction requests are categorized as either reaffirmation projects or new projects.

### **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 \$48,841,163 for FY 2011-12 and \$48,841,163 for FY 2012-13. Included in these total amounts are \$13,652,233 General Fund for FY 2011-12, and \$14,452,233 General Fund for FY 2012-13. The remaining funds are composed of primarily cash funds, with \$32,273,930 in FY 2011-12 and \$32,273,930 in FY 2012-13; revolving funds of \$2,115,000 for FY 2011-12 and \$2,115,000 for FY 2012-13; and Nebraska Capital Construction Funds (NCCF) of \$800,000 for FY 2011-12 only. In addition, \$248,126,823 is scheduled to be reaffirmed from all fund types in future biennia.

#### **The projects to be reaffirmed include:**

**Public Safety Communication System** – Administrative Services 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 will be \$1,027,233 for both FY 2011-12 and FY 2012-13. There should be no future year amounts.

**309 Task Force** – The FY 2011-12 and FY 2012-13 recommendation includes cash fund appropriations of \$21,273,930 for FY 2011-12 and \$21,273,930 for FY 2012-13 for funding the continuation of the Deferred Building Renewal Act.

**Security System Upgrades** – This project is to upgrade security systems at various facilities at the Department of Correctional Services. For the 2009-2011 biennium capital request, there was a "Future Years" request amount of \$1,500,000 in General Funds. This amount is being allocated \$500,000 General Funds in FY 2011-12, \$500,000 in FY 2012-13, and \$500,000 intended for future use for FY 2013-14.

**Higher Education Renovation Projects** – The recommendation provides \$1,125,000 General Funds for each year of the biennium to repay bonds issued by the State Colleges following the passage of LB605 in 2006. The state funding is matched with student fees of \$1,200,000 each year. The bond funding enabled the State Colleges to complete renovation projects at each of the three colleges.

For the University, the recommendation provides \$11 million General Funds in FY 2009-10 and \$11 million General Funds in FY 2010-11 for bond repayments related to the LB605 projects. Student fees provide matching funds of \$11 million in FY 2009-10 and \$11 million in FY 2010-11. LB 605 funded several renovation projects across the four main campuses of the University.

**NCTA Education Center** – Based on bond market conditions in December, the FY 2011-12 recommendation includes \$800,000 in NCCF funding for anticipated annual debt service of a 15-year bond. The recommendation also provides \$800,000 in General Funds for FY 2012-13 and identifies the need for \$10,386,135 in additional General Funds for future years.

## ***New Capital Construction***

New capital requests are undertakings that will be initiated in the new biennium. Total funding recommendations include \$24,658,000 for FY 2011-12 and \$15,244,333 for FY 2012-13. Included in these amounts are \$7,345,500 cash funds in FY 2011-12 and \$6,057,400 cash funds in FY 2012-13. There are also appropriations from the NCCF of \$17,312,500 in FY 2011-12 and of \$9,186,933 in FY 2012-13.

### **New capital construction projects include:**

**DHHS Bridges Relocation** – The recommendation includes \$450,000 for FY 2011-12 from the NCCF and \$1,049,433 for FY 2012-13 from the NCCF to construct secure housing for persons with developmental disabilities. The housing will be used to relocate the Bridges Program currently located at the Hastings Regional Center.

**Nebraska Innovation Campus (NIC)** – The recommendation includes funding for two projects that will move NIC development forward and leverage private investment. First, renovation of the 4-H Building is critical to the development of the NIC. The recommendation includes \$10 million for this project, \$5.3 million NCCF in FY 2011-12 and \$4.7 million NCCF in FY 2012-13, with no additional funding for the future. Since half the building is expected to generate revenue, the \$10 million in state funds will be used to leverage an additional \$10 million in private financing.

The recommendation also includes funding for designing and building the Food, Fuel and Water Research Building. The University's research presence is critical to attracting private sector companies to the NIC. The recommendation includes \$15 million, \$11.5 million NCCF in FY 2011-12 and \$3.5 million NCCF in FY 2012-13, with no additional funding required for the future. The state's commitment of \$15 million is expected to attract an additional \$30 million in philanthropic gifts.

**Nebraska Game & Parks Commission (NGPC)** – The recommendation includes cash fund appropriation in the amount of \$7,345,500 in FY 2011-12 and \$6,057,400 in FY 2012-13. The projects encompass upgrades, replacement and deferred maintenance at park facilities. Included are a youth outdoor skill camp facility, outdoor education facility, cabin renovations, carpet replacement, heating and air conditioning replacement, building upgrades, water lines, boat ramp repairs, new cabins, electrical hook-ups and shower/latrines facilities.

The above recommendation includes \$105,000 cash fund appropriation in FY 2011-12 for facilities at Lake Wanahoo, a project which was requested by the agency as a General Fund project.

## Capital Construction Request/Recommendation Summary 2011-2013 Biennium

Ag#/Ag. Name	Prog#	Project Description	Fund	REQUEST			RECOMMENDATION			
				FY 2011-12	FY 2012-13	FUTURE	FY 2011-12	FY 2012-13	FUTURE	
<b>NEW PROJECTS</b>										
025 - HHS	902	Bridges Program Relocation	General	450,000	1,049,433	0	0	0	0	
	902	Bridges Program Relocation	NCCF	0	0	0	450,000	1,049,433	0	
	915	WNVH - Skinner Complex	General	2,630,390	0	0	0	0	0	
	915	WNVH - Skinner Complex	Federal	4,885,010	0	0	0	0	0	
	919	YRTC Kearney - Bryant/Creighton	General	762,194	849,118	0	0	0	0	
	926	CD Treatment - Youth CD Secure Care	General	2,782,814	10,336,605	5,938,779	0	0	0	
		<b>Agency Total</b>	<b>General</b>	<b>6,625,398</b>	<b>12,235,156</b>	<b>5,938,779</b>	<b>0</b>	<b>0</b>	<b>0</b>	
			<b>Federal</b>	<b>4,885,010</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
			<b>NCCF</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>450,000</b>	<b>1,049,433</b>	<b>0</b>	
				<b>11,510,408</b>	<b>12,235,156</b>	<b>5,938,779</b>	<b>450,000</b>	<b>1,049,433</b>	<b>0</b>	
033 - Game & Parks	900	State Park Facility Improvements	Cash	335,000	325,000	0	335,000	325,000	0	
	901	State Park Facilities Maintenance	Cash	300,000	300,000	0	300,000	300,000	0	
	924	Wildlife Land Acquisition and Improvements	Cash	300,000	300,000	0	300,000	300,000	0	
	955	Youth Outdoor Skill Camp Facility	Cash	1,000,000	1,000,000	0	1,000,000	1,000,000	0	
	960	Land Acquisition for Parklands	Cash	100,000	100,000	0	100,000	100,000	0	
	967	Major State Park Areas	Cash	241,500	575,400	0	241,500	575,400	0	
	968	State Historical Parks	Cash	10,500	0	0	10,500	0	0	
	969	Lake Wanahoo - Shower/Latrine/Storage	General	105,000	0	0	0	0	0	
	969	Lake Wanahoo - Shower/Latrine/Storage	Cash	0	0	0	105,000	0	0	
	969	State Recreation Areas	Cash	598,500	357,000	0	598,500	357,000	0	
	971	Wildlife Land Special Use Areas	Cash	325,000	325,000	0	325,000	325,000	0	
	972	Administration Facilities	Cash	155,000	75,000	0	155,000	75,000	0	
	973	Improvements to Fish Production Facilities	Cash	75,000	75,000	0	75,000	75,000	0	
	975	Emergency Repairs to State Parks	Cash	75,000	75,000	0	75,000	75,000	0	
	976	Emergency Repairs to Fish and Wildlife Facilities	Cash	50,000	50,000	0	50,000	50,000	0	
	979	Cowboy Trail - Emergency and Deferred Maintenance	Cash	175,000	0	0	175,000	0	0	
	981	Aquatic Habitat Improvements	Cash	3,500,000	2,500,000	0	3,500,000	2,500,000	0	
			<b>Agency Total</b>	<b>General</b>	<b>105,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
				<b>Cash</b>	<b>7,240,500</b>	<b>6,057,400</b>	<b>0</b>	<b>7,345,500</b>	<b>6,057,400</b>	<b>0</b>
					<b>7,345,500</b>	<b>6,057,400</b>	<b>0</b>	<b>7,345,500</b>	<b>6,057,400</b>	<b>0</b>
047 - NETC	910	Transponder - Lease, ETV Bldg	General	218,000	673,200	3,020,900	<i>see Operations Funding Recommendation</i>			
050 - State College System	909	WSC - U.S. Conn Library	General	150,000	0	0	0	0	0	
	933	CSC - Rangeland Center	General	3,696,470	0	0	0	0	0	
	935	CSC - Armstrong Gymnasium	General	0	13,702,750	0	0	0	0	
	952	WSC - Carhart Science Bldg Renovation	General	7,671,795	0	0	0	0	0	
	992	PSC - Biomass Energy Center	General	35,000	0	2,500,000	0	0	0	
	996	PSC - Health & Fitness Complex	General	30,000	30,000	3,000,000	0	0	0	
		<b>Agency Total</b>	<b>General</b>	<b>11,583,265</b>	<b>13,732,750</b>	<b>5,500,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	

## Capital Construction Request/Recommendation Summary 2011-2013 Biennium

Ag#/Ag. Name	Prog#	Project Description	Fund	REQUEST			RECOMMENDATION			
				FY 2011-12	FY 2012-13	FUTURE	FY 2011-12	FY 2012-13	FUTURE	
051 - University System	904	College of Nursing Bldg - Lincoln	General	933,300	6,906,900	8,492,800	0	0	0	
	921	University Innovation Campus	NCCF	0	0	0	16,862,500	8,137,500	0	
	Agency Total			General	933,300	6,906,900	8,492,800	0	0	0
				NCCF	0	0	0	16,862,500	8,137,500	0
					<b>933,300</b>	<b>6,906,900</b>	<b>8,492,800</b>	<b>16,862,500</b>	<b>8,137,500</b>	<b>0</b>
<b><u>TOTAL NEW PROJECTS</u></b>				General	19,464,963	33,548,006	22,952,479	0	0	0
				Cash	7,240,500	6,057,400	0	7,345,500	6,057,400	0
				Federal	4,885,010	0	0	0	0	0
				NCCF	0	0	0	17,312,500	9,186,933	0
				<b>TOTAL</b>	<b>31,590,473</b>	<b>39,605,406</b>	<b>22,952,479</b>	<b>24,658,000</b>	<b>15,244,333</b>	<b>0</b>
<b><u>REAFFIRMATIONS</u></b>										
046 - Corrections	913	Security Systems Upgrade	General	1,500,000	0	0	500,000	500,000	500,000	
065 - Administrative Services	935	Public Safety Communication - Towers	General	1,027,233	1,027,233	0	1,027,233	1,027,233	0	
	940	Building Renewal Projects	Cash	21,273,930	28,124,024	56,248,048	21,273,930	21,273,930	63,098,142	
	Agency Total			General	1,027,233	1,027,233	0	1,027,233	1,027,233	0
				Cash	21,273,930	28,124,024	56,248,048	21,273,930	21,273,930	63,098,142
					<b>22,301,163</b>	<b>29,151,257</b>	<b>56,248,048</b>	<b>22,301,163</b>	<b>22,301,163</b>	<b>63,098,142</b>
050 - State College System	919	NSC - System Facilities Program	General	1,125,000	1,125,000	7,875,000	1,125,000	1,125,000	7,875,000	
	919	NSC - System Facilities Program	Revolving	1,200,000	1,200,000	8,400,000	1,200,000	1,200,000	8,400,000	
	920	NSC - Board Facilities Fee Fund Proj's	Revolving	0	0	0	915,000	915,000	8,235,000	
	Agency Total			General	1,125,000	1,125,000	7,875,000	1,125,000	1,125,000	7,875,000
				Revolving	1,200,000	1,200,000	8,400,000	2,115,000	2,115,000	16,635,000
				<b>2,325,000</b>	<b>2,325,000</b>	<b>16,275,000</b>	<b>3,240,000</b>	<b>3,240,000</b>	<b>24,510,000</b>	
051 - University System	920	University Facilities Program	General	11,000,000	11,000,000	77,000,000	11,000,000	11,000,000	77,000,000	
	920	University Facilities Program	Cash	11,000,000	11,000,000	72,632,546	11,000,000	11,000,000	72,632,546	
	930	NCTA - Education Center	General	11,986,135	0	0	0	800,000	10,386,135	
	930	NCTA - Education Center	NCCF	0	0	0	800,000	0	0	
	Agency Total			General	22,986,135	11,000,000	77,000,000	11,000,000	11,800,000	87,386,135
				Cash	11,000,000	11,000,000	72,632,546	11,000,000	11,000,000	72,632,546
				NCCF	0	0	0	800,000	0	0
				<b>33,986,135</b>	<b>22,000,000</b>	<b>149,632,546</b>	<b>22,800,000</b>	<b>22,800,000</b>	<b>160,018,681</b>	

## Capital Construction Request/Recommendation Summary 2011-2013 Biennium

Ag#/Ag. Name	Prog#	Project Description	Fund	<u>REQUEST</u>			<u>RECOMMENDATION</u>		
				FY 2011-12	FY 2012-13	FUTURE	FY 2011-12	FY 2012-13	FUTURE
<b><u>TOTAL REAFFIRMATIONS</u></b>			General	26,638,368	13,152,233	84,875,000	13,652,233	14,452,233	95,761,135
			Cash	32,273,930	39,124,024	128,880,594	32,273,930	32,273,930	135,730,688
			Revolving	1,200,000	1,200,000	8,400,000	2,115,000	2,115,000	16,635,000
			NCCF	0	0	0	800,000	0	0
			<b>TOTAL</b>	<b>60,112,298</b>	<b>53,476,257</b>	<b>222,155,594</b>	<b>48,841,163</b>	<b>48,841,163</b>	<b>248,126,823</b>
<b><u>NEW PROJECTS + REAFFIRMATIONS</u></b>									
<b><u>CONSTRUCTION GRAND TOTALS</u></b>			<b>FUND</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>	<b>FUTURE</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>	<b>FUTURE</b>
			General	46,103,331	46,700,239	107,827,479	13,652,233	14,452,233	95,761,135
			Cash	39,514,430	45,181,424	128,880,594	39,619,430	38,331,330	135,730,688
			Federal	4,885,010	0	0	0	0	0
			Revolving	1,200,000	1,200,000	8,400,000	2,115,000	2,115,000	16,635,000
			NCCF	0	0	0	18,112,500	9,186,933	0
			<b>TOTAL</b>	<b>91,702,771</b>	<b>93,081,663</b>	<b>245,108,073</b>	<b>73,499,163</b>	<b>64,085,496</b>	<b>248,126,823</b>



# **Current Biennium Appropriation Changes**



**FY 2010-11 Deficit Budget Requests and Recommendations**

<b>Ag#</b>	<b>Agency Name</b>	<b>Prog#</b>	<b>Program Name</b>	<b>Issue Description</b>	<b>Fund Type</b>	<b>FY2010-11 Agency Request</b>	<b>FY2010-11 Recommendation</b>	
<b>Appropriations</b>								
003	Legislative Council	All	Various	Correct transfer language	General		Yes	
012	State Treasurer	012	Treasurer's Salary	Treasurer Salary - Cash fund appropriation not needed	Cash	(3,000)	(3,000)	
		505	Educational Savings Program	Nebraska Investment Council fees	Cash	(210,000)	(210,000)	
		505	Educational Savings Program	Change in College Savings program manager	Cash	130,926	130,926	
013	Education	025	Administration	Recognize salary savings	General	(64,069)	(90,549)	
					PSL	(64,069)	(78,635)	
		351	Vocational Rehabilitation	Recognize salary savings	General		(17,838)	
					PSL		(15,491)	
		158	Education Aid	TEEOSA - Additional Insurance Premium Tax receipts	General	(492,840)	(792,840)	
		614	Professional Practices Comm.	PSL increase for negotiated salary	PSL	453	453	
016	Revenue	108	Homestead Exemption	Homestead Exemption tax loss reimbursement	General	9,300,000	3,800,000	
025	Health and Human Services	033	Administration	Child Support Enforcement match requirements	General	2,630,843	0	
					Federal	(2,630,843)	0	
		348	Medicaid	Enhanced FMAP 6 month extension	General	(55,000,000)	(55,000,000)	
					Federal	55,000,000	55,000,000	
		348	Medicaid	Reduced base FMAP - federal FY11	General	16,500,000	16,500,000	
					Federal	(16,500,000)	(16,500,000)	
031	Military	192	Governor's Emergency Fund	Governor's Emergency Fund disaster relief	General	5,860,000	5,860,000	
		192	Governor's Emergency Fund	Establish Reserve for Governor's Emergency Fund	General		5,000,000	
050	State Colleges	048	State Colleges	Faculty salary increases (CIR/Supreme Court)	General	2,105,535	0	
					PSL	1,815,116	0	
065	Administrative Services	591	Tort Claims	Increase appropriation to match transfer amounts	Cash	93,433	93,433	
<b>Appropriation Fund Totals</b>						<b>General</b>	(19,160,531)	(24,741,227)
						<b>Cash</b>	11,359	11,359
						<b>Federal</b>	35,869,157	38,500,000
						<b>Revolving</b>	0	0
						<b>Total</b>	<b>16,719,985</b>	<b>13,770,132</b>
						<b>PSL</b>	1,751,500	(93,673)

**FY 2010-11 Deficit Budget Requests and Recommendations**

<b>Ag#</b>	<b>Agency Name</b>	<b>Prog#</b>	<b>Program Name</b>	<b>Issue Description</b>	<b>Fund Type</b>	<b>FY2010-11 Agency Request</b>	<b>FY2010-11 Recommendation</b>
<b><u>Reappropriation Reductions</u></b>							
013	Education	158	Education Aid	Unobligated aid	General		(47,596)
025	Health and Human Services	038	Behavioral Health Aid	Unobligated aid	General		(3,430,389)
		344	Children's Health Insurance	Unobligated aid	General		(1,965,160)
		348	Medicaid	Unobligated aid	General		(5,773,093)
		424	Developmental Disabilities Aid	Unobligated aid	General		(3,387,174)
		514	Health Aid	Unobligated aid	General		(284,306)
054	Historical Society	954	Headquarters Bldg-Life/Safety	Project complete	Cash		(150,000)
065	Administrative Services	685	Capital Commission	Unobligated operations funding	General		(500,000)
		901	State Capitol Improvements	Unobligated funding	Cash		(682,985)
072	Economic Development	600	Administration	Unobligated aid	General		(15,816)
		601	Community & Rural Development	Unobligated aid	General		(9,908)
		603	Industrial Recruitment	Unobligated aid	General		(33,298)
077	Industrial Relations	490	Commissioner Expenses	Unobligated operations funding	General		(59,203)
		531	Administration	Unobligated operations funding	General		(61,229)
<b>Reappropriation Fund Totals</b>						<b>General</b>	(15,567,172)
						<b>Cash</b>	(832,985)
						<b>Total</b>	<b>(16,400,157)</b>

# **Agency Operations and Aid Totals by Fund Type**

## Technical Notes

1. Agency and program expenditure history information is from the Nebraska Information System. Expenditure history information for the University of Nebraska was provided by the institution. Please note, the University of Nebraska expenses are presented on an accrual basis and may vary from totals reported in the State Accounting System, *EnterpriseOne*, due to accounts payable and salaries, wages and vacation payables, and other accrual variances.

Due to Budget Request system reporting and rounding methodology, agency expenditures for prior fiscal years may vary slightly from official NIS totals. Official state historical expenditure information may be obtained from the Administrative Services – Accounting Division.

2. Agency biennial budget request information was obtained from budget requests submitted to the Administrative Services – Budget Division.

The complete agency budget requests, including all text and data, are available on the State Budget Division website at <https://das-nebs.ne.gov/public/faces/publicIndex.jsp>.

## General Funds

Ag#	Agency Name	FY2008-09 Actual Expenditures	FY2009-10 Actual Expenditures	FY2010-11 Appropriation	FY2011-12 Agency Request	FY2011-12 Governor's Recommendation	FY2012-13 Agency Request	FY2012-13 Governor's Recommendation
003	LEGISLATIVE COUNCIL	18,205,338	17,929,282	17,550,553	19,313,533	17,550,553	19,490,641	17,811,700
005	SUPREME COURT	67,267,497	68,767,741	70,264,041	70,474,486	68,878,727	70,512,988	69,658,455
007	GOVERNOR	1,649,102	1,746,798	1,636,049	1,616,049	1,631,635	1,616,049	1,652,727
008	LIEUTENANT GOVERNOR	145,191	135,499	143,285	143,285	143,423	143,285	143,610
009	SECRETARY OF STATE	758,183	438,613	448,368	448,368	442,212	448,368	444,708
010	AUDITOR OF PUBLIC ACCOUNTS	2,622,516	2,440,330	2,343,098	2,343,098	2,147,685	2,343,098	2,184,391
011	ATTORNEY GENERAL	6,547,111	5,867,408	5,943,070	8,346,916	8,117,006	5,943,070	5,795,369
012	STATE TREASURER	19,438,919	19,316,333	18,537,639	13,812,661	1,433,610	13,802,881	1,413,443
013	DEPT OF EDUCATION	1,048,953,694	1,051,481,283	1,024,006,088	1,031,564,984	1,019,919,143	1,038,474,445	1,069,992,993
014	PUBLIC SERVICE COMM	2,489,063	2,396,532	2,509,079	2,493,620	2,273,288	2,478,052	2,301,708
015	BOARD OF PAROLE	725,379	756,923	799,188	799,188	806,321	799,188	819,249
016	DEPT OF REVENUE	90,937,639	95,907,150	93,467,902	113,329,650	98,115,692	124,313,110	103,142,374
018	DEPT OF AGRICULTURE	8,257,958	6,534,761	6,128,426	6,139,825	5,538,413	6,140,197	5,602,035
021	STATE FIRE MARSHAL	3,802,724	4,145,642	4,293,454	4,188,077	3,905,559	4,188,077	3,962,842
023	DEPARTMENT OF LABOR	652,962	548,395	542,072	542,072	489,927	542,072	497,939
025	DEPT OF HEALTH & HUMAN SERVICES	1,084,721,563	1,087,163,506	1,184,708,216	1,231,268,376	1,232,829,673	1,268,590,234	1,279,115,220
027	DEPARTMENT OF ROADS	18,265	0	2,429	0	0	0	0
028	DEPT OF VETERANS AFFAIRS	838,314	926,750	1,115,761	1,117,005	1,108,586	1,117,483	1,127,666
029	DEPT OF NATURAL RESOURCES	20,654,215	18,365,761	16,916,042	16,704,879	16,745,047	16,704,879	16,855,532
031	MILITARY DEPARTMENT	4,295,882	4,822,336	4,684,443	4,684,443	4,642,221	4,684,443	4,676,748
032	BOARD OF EDUCATIONAL LANDS & FUNDS	333,430	332,492	335,310	335,293	305,465	335,311	310,575
033	GAME & PARKS COMMISSION	10,790,503	12,148,409	11,551,314	10,806,228	10,751,164	10,875,251	10,875,616
034	NEBRASKA LIBRARY COMMISSION	3,752,241	3,870,881	3,620,601	3,763,398	3,409,547	3,840,337	3,446,405
035	LIQUOR CONTROL COMMISSION	875,866	929,595	957,770	957,770	917,912	957,770	925,406
046	DEPT OF CORRECTIONAL SERVICES	154,140,036	127,189,703	146,215,342	162,639,734	156,302,931	163,748,375	157,309,844
047	EDUCATIONAL TELECOMMUNICATIONS COMM	9,804,033	10,267,373	9,498,750	9,765,718	9,490,082	9,888,173	9,548,405
048	COORDINATING COMM FOR POSTSECONDARY	8,083,606	8,200,786	8,077,261	8,713,855	8,084,912	8,763,855	8,103,313
050	NEBRASKA STATE COLLEGES	45,570,194	49,923,392	45,369,972	47,621,308	44,846,037	48,950,654	45,450,893

## General Funds

Ag#	Agency Name	FY2008-09 Actual Expenditures	FY2009-10 Actual Expenditures	FY2010-11 Appropriation	FY2011-12 Agency Request	FY2011-12 Governor's Recommendation	FY2012-13 Agency Request	FY2012-13 Governor's Recommendation
051	UNIVERSITY OF NEBRASKA	469,484,067	455,900,778	494,720,104	509,547,660	491,278,349	520,823,226	497,926,689
054	STATE HISTORICAL SOCIETY	4,248,411	4,393,997	4,194,912	4,365,912	3,740,293	4,246,912	3,796,205
064	NEBRASKA STATE PATROL	50,086,708	51,340,433	55,891,491	54,488,930	53,690,860	54,364,422	54,278,553
065	DEPT OF ADMINISTRATIVE SERVICES	11,239,681	7,938,727	8,020,421	7,625,738	7,334,312	7,866,988	7,645,227
067	EQUAL OPPORTUNITY COMM	1,358,717	1,216,032	1,276,113	1,250,629	1,152,618	1,250,629	1,178,277
068	COMMISSION ON LATINO-AMERICANS	202,506	167,171	195,837	234,739	177,203	234,739	179,934
069	NEBRASKA ARTS COUNCIL	1,517,359	1,484,177	1,432,887	1,433,179	1,292,717	1,433,297	1,301,336
070	FOSTER CARE REVIEW BOARD	1,258,318	1,369,148	1,357,694	1,357,694	1,228,021	1,357,694	1,251,449
072	DEPT OF ECONOMIC DEVELOPMENT	6,182,156	6,325,328	6,299,996	5,788,687	11,457,423	5,788,687	11,507,955
076	COMM ON INDIAN AFFAIRS	189,018	200,273	223,535	201,270	164,790	201,270	167,714
077	COMM ON INDUSTRIAL RELATIONS	314,358	265,866	309,981	309,981	281,161	309,981	284,108
078	COMM ON LAW ENFORCEMENT & CRIMINAL	12,322,708	9,955,437	10,888,437	10,858,437	10,227,186	10,858,437	10,212,421
081	COMM FOR BLIND & VISUALLY IMPAIRED	949,339	1,047,918	1,012,185	1,012,185	1,012,185	1,012,185	1,012,185
082	COMM FOR DEAF & HARD OF HEARING	763,213	814,453	836,115	863,376	836,115	863,445	836,115
083	AID TO COMMUNITY COLLEGES	87,266,476	86,966,256	86,758,025	90,228,346	86,758,025	93,837,480	87,870,147
084	DEPT OF ENVIRONMENTAL QUALITY	6,902,888	6,740,260	7,569,817	6,406,025	6,246,169	6,217,325	6,097,710
085	PUBLIC EMPLOYEES RETIREMENT SYSTEM	19,468,215	25,589,490	27,420,010	53,604,365	28,982,425	85,416,436	28,992,190
087	ACCOUNTABILITY & DISCLOSURE COMM	413,469	367,179	410,932	410,932	371,814	410,932	377,548
093	TAX EQUALIZATION & REVIEW COMM	806,681	856,592	815,044	778,959	720,267	778,959	682,040
<b>State Total</b>		<b>3,291,305,712</b>	<b>3,265,493,190</b>	<b>3,391,299,059</b>	<b>3,524,700,863</b>	<b>3,427,778,704</b>	<b>3,626,965,330</b>	<b>3,538,766,969</b>

## Cash Funds

Ag#	Agency Name	FY2008-09 Actual Expenditures	FY2009-10 Actual Expenditures	FY2010-11 Appropriation	FY2011-12 Agency Request	FY2011-12 Governor's Recommendation	FY2012-13 Agency Request	FY2012-13 Governor's Recommendation
003	LEGISLATIVE COUNCIL	40,790	217,214	255,518	170,804	255,518	170,452	255,957
005	SUPREME COURT	14,331,841	16,051,512	17,829,741	20,074,997	18,919,360	20,071,497	18,985,501
009	SECRETARY OF STATE	5,898,865	5,115,381	6,540,787	6,502,414	6,510,494	6,502,414	6,541,134
010	AUDITOR OF PUBLIC ACCOUNTS	954,707	998,388	1,078,988	1,078,988	1,091,801	1,078,988	1,109,139
011	ATTORNEY GENERAL	1,025,797	944,416	1,024,019	1,024,019	1,030,996	1,024,019	1,040,437
012	STATE TREASURER	8,572,831	8,506,981	5,461,380	5,222,042	4,613,135	5,232,356	4,639,139
013	DEPT OF EDUCATION	6,295,158	6,466,258	9,990,541	9,289,661	14,872,082	9,293,727	11,999,057
014	PUBLIC SERVICE COMM	58,266,026	58,213,286	76,013,200	78,039,398	75,924,527	77,959,585	75,887,223
016	DEPT OF REVENUE	133,215,987	135,426,282	146,751,982	148,859,080	140,251,540	149,407,043	140,901,557
017	DEPT OF AERONAUTICS	15,512,135	22,737,093	21,903,879	20,321,919	20,312,908	20,110,253	20,130,445
018	DEPT OF AGRICULTURE	5,899,594	6,489,320	9,031,024	6,886,663	6,905,330	6,841,562	6,926,841
019	DEPT OF BANKING	5,904,119	6,023,326	6,401,106	6,823,818	6,788,001	6,800,068	6,850,108
021	STATE FIRE MARSHAL	1,226,086	1,011,194	1,706,866	1,706,866	1,696,125	1,706,866	1,711,311
022	DEPT OF INSURANCE	10,025,580	10,278,630	10,583,081	10,876,207	10,944,442	11,221,117	11,420,055
023	DEPARTMENT OF LABOR	1,376,202	1,461,733	1,979,993	1,979,993	1,186,222	1,979,993	1,203,683
024	DEPT OF MOTOR VEHICLES	17,230,072	20,077,603	25,984,579	21,361,929	21,239,974	19,968,900	19,826,135
025	DEPT OF HEALTH & HUMAN SERVICES	135,505,211	136,248,039	148,505,837	146,633,169	149,609,558	146,657,250	147,993,912
027	DEPARTMENT OF ROADS	699,290,226	658,290,103	660,355,996	696,660,584	696,686,236	669,060,584	669,886,236
028	DEPT OF VETERANS AFFAIRS	0	0	0	0	8,000	0	6,000
029	DEPT OF NATURAL RESOURCES	3,355,415	2,158,894	5,646,885	5,183,337	5,184,277	5,183,337	5,186,125
030	NEBRASKA ELECTRICAL BOARD	1,450,503	1,496,680	1,584,533	1,550,326	1,552,195	1,550,326	1,571,498
031	MILITARY DEPARTMENT	3,094,831	2,263,129	922,118	922,118	921,020	922,118	924,993
032	BOARD OF EDUCATIONAL LANDS & FUNDS	9,656,856	10,138,866	9,646,044	9,639,581	9,663,121	9,639,586	9,694,987
033	GAME & PARKS COMMISSION	55,102,358	56,235,085	61,888,126	62,128,105	62,441,578	62,029,270	62,856,701
034	NEBRASKA LIBRARY COMMISSION	222,417	193,364	94,085	94,085	94,085	94,085	94,085
035	LIQUOR CONTROL COMMISSION	58,411	39,447	70,719	70,719	70,719	70,719	70,719
036	STATE RACING COMMISSION	821,668	843,860	1,065,578	1,045,578	1,040,025	1,045,578	1,049,019
037	WORKERS COMPENSATION COURT	4,582,787	4,703,531	5,583,741	5,580,556	5,521,168	5,580,905	5,542,307

## Cash Funds

Ag#	Agency Name	FY2008-09 Actual Expenditures	FY2009-10 Actual Expenditures	FY2010-11 Appropriation	FY2011-12 Agency Request	FY2011-12 Governor's Recommendation	FY2012-13 Agency Request	FY2012-13 Governor's Recommendation
039	NEBRASKA BRAND COMMITTEE	4,066,287	3,987,303	4,233,544	4,367,845	4,202,056	4,410,794	4,246,579
040	MOTOR VEHICLE INDUSTRY LICENSING	618,841	649,983	683,768	693,153	692,611	693,217	700,417
041	REAL ESTATE COMMISSION	1,015,123	1,073,676	1,091,523	1,148,972	1,094,247	1,148,972	1,105,285
045	BOARD OF BARBER EXAMINERS	130,534	125,870	147,041	162,899	154,072	168,789	149,893
046	DEPT OF CORRECTIONAL SERVICES	1,947,507	2,210,103	2,179,876	2,072,225	2,054,373	2,072,225	2,054,373
047	EDUCATIONAL TELECOMMUNICATIONS COMM	255,532	249,144	242,755	294,255	294,255	337,755	337,755
048	COORDINATING COMM FOR POSTSECONDARY	5,381,633	6,940,407	7,759,535	9,009,535	9,009,535	9,009,535	9,009,535
050	NEBRASKA STATE COLLEGES	24,683,685	22,564,242	25,129,721	27,900,573	25,129,721	27,900,573	25,439,885
051	UNIVERSITY OF NEBRASKA	290,746,689	305,669,425	351,136,822	351,136,822	351,136,822	351,136,822	351,136,822
052	STATE BOARD OF AGRICULTURE	3,017,235	8,004,596	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
053	REAL PROPERTY APPRAISER BOARD	261,052	283,872	276,611	276,611	277,768	276,611	280,081
054	STATE HISTORICAL SOCIETY	890,139	1,169,091	1,847,997	1,847,997	1,850,842	1,847,997	1,858,041
056	NEBRASKA WHEAT BOARD	1,121,631	1,170,965	1,339,901	1,292,500	1,275,314	1,342,500	1,321,747
057	OIL & GAS CONSERVATION COMM	561,818	571,238	750,564	777,338	748,646	796,048	756,571
058	BOARD OF EXAMINERS-ENGINEERS &	639,326	645,911	755,164	696,902	689,017	696,995	695,272
059	BOARD OF GEOLOGISTS	29,063	24,801	31,352	45,402	43,852	46,452	44,902
060	NEBRASKA ETHANOL BOARD	435,835	537,344	532,313	559,813	529,779	559,813	535,708
061	DAIRY INDUSTRY DEVELOPMENT BOARD	1,147,833	1,180,184	1,400,000	1,399,947	1,399,947	1,399,957	1,399,957
062	BOARD OF EXAMINERS-LAND SURVEYORS	19,175	18,557	28,391	28,979	28,391	29,481	28,391
063	BOARD OF PUBLIC ACCOUNTANCY	404,309	439,246	412,113	412,113	413,403	412,113	416,852
064	NEBRASKA STATE PATROL	10,454,201	14,329,297	14,742,071	15,625,471	15,743,989	15,625,471	15,843,210
065	DEPT OF ADMINISTRATIVE SERVICES	11,211,944	8,578,331	9,029,222	9,329,222	4,373,088	9,329,222	4,134,132
066	BOARD OF EXAMINERS-ABSTRACTORS	40,495	41,539	44,986	51,087	46,148	53,604	46,643
068	COMMISSION ON LATINO-AMERICANS	0	4,065	35,000	35,000	35,000	35,000	35,000
069	NEBRASKA ARTS COUNCIL	3,086	308,620	1,435,000	1,435,000	1,435,000	1,435,000	1,435,000
070	FOSTER CARE REVIEW BOARD	0	1,181	5,700	5,700	5,700	5,700	5,700
071	STATE ENERGY OFFICE	354,211	845,041	1,664,522	1,635,831	1,636,776	1,635,831	1,640,261
072	DEPT OF ECONOMIC DEVELOPMENT	22,004,561	16,613,184	17,208,918	17,708,918	17,571,774	17,708,918	17,593,148

## Cash Funds

Ag#	Agency Name	FY2008-09 Actual Expenditures	FY2009-10 Actual Expenditures	FY2010-11 Appropriation	FY2011-12 Agency Request	FY2011-12 Governor's Recommendation	FY2012-13 Agency Request	FY2012-13 Governor's Recommendation
073	BOARD OF LANDSCAPE ARCHITECTS	17,379	18,626	21,722	32,216	32,021	33,006	32,711
074	POWER REVIEW BOARD	285,074	305,901	676,069	639,458	637,446	638,958	640,776
075	NEBRASKA INVESTMENT COUNCIL	1,796,674	2,035,526	2,497,644	2,426,801	2,383,561	2,557,957	2,399,513
076	COMM ON INDIAN AFFAIRS	0	0	25,000	0	0	0	0
078	COMM ON LAW ENFORCEMENT & CRIMINAL	733,909	1,387,370	2,004,581	1,685,833	2,062,921	1,685,833	2,071,647
081	COMM FOR BLIND & VISUALLY IMPAIRED	97,838	73,810	86,086	93,988	96,017	93,988	105,114
082	COMM FOR DEAF & HARD OF HEARING	38,511	13,023	12,758	23,986	23,986	18,236	18,236
084	DEPT OF ENVIRONMENTAL QUALITY	23,090,990	27,289,380	32,432,516	32,485,766	32,519,083	30,739,066	30,877,280
085	PUBLIC EMPLOYEES RETIREMENT SYSTEM	9,671,856	6,485,227	5,097,417	5,247,520	5,220,700	5,019,901	4,993,274
086	DRY BEAN COMMISSION	275,913	283,794	380,000	380,000	370,802	380,000	371,511
087	ACCOUNTABILITY & DISCLOSURE COMM	178,342	168,727	1,081,449	992,174	993,641	1,075,874	1,080,134
088	CORN DEVELOPMENT MARKETING BOARD	3,628,532	3,417,300	4,951,030	4,951,030	4,945,989	4,951,030	4,954,818
092	GRAIN SORGHUM BOARD	140,540	126,095	288,800	288,800	272,171	288,800	273,279
093	TAX EQUALIZATION & REVIEW COMM	91	30,069	95,000	115,000	95,000	115,000	95,000
094	COMMISSION ON PUBLIC ADVOCACY	3,473,096	3,735,769	4,001,934	4,001,934	3,796,764	4,001,934	3,812,151
<b>State Total</b>		<b>1,623,786,964</b>	<b>1,616,237,447</b>	<b>1,738,196,762</b>	<b>1,775,541,572</b>	<b>1,763,156,665</b>	<b>1,745,417,576</b>	<b>1,730,780,908</b>

## Federal Funds

Ag#	Agency Name	FY2008-09 Actual Expenditures	FY2009-10 Actual Expenditures	FY2010-11 Appropriation	FY2011-12 Agency Request	FY2011-12 Governor's Recommendation	FY2012-13 Agency Request	FY2012-13 Governor's Recommendation
003	LEGISLATIVE COUNCIL	0	0	39,270	39,270	39,270	39,270	39,270
005	SUPREME COURT	1,010,877	1,135,798	973,336	1,398,914	1,398,914	1,398,914	1,404,142
009	SECRETARY OF STATE	27,338	99,834	98,300	98,300	98,300	98,300	98,300
011	ATTORNEY GENERAL	1,140,564	1,249,826	1,556,085	1,556,085	1,569,586	1,556,085	1,587,852
012	STATE TREASURER	2,100,694	1,949,297	2,127,597	1,812,927	1,848,568	1,798,243	1,816,635
013	DEPT OF EDUCATION	300,076,918	410,640,878	484,728,099	343,619,059	344,444,411	344,111,547	344,841,866
014	PUBLIC SERVICE COMM	0	1,339,102	0	319,207	1,567,169	0	849,327
016	DEPT OF REVENUE	21,186	0	0	0	0	0	0
018	DEPT OF AGRICULTURE	2,935,853	3,194,657	2,821,676	3,149,247	4,660,667	3,137,361	4,678,297
021	STATE FIRE MARSHAL	452,316	541,146	332,038	337,038	337,695	337,038	341,907
022	DEPT OF INSURANCE	1,638,282	1,722,479	324,168	806,335	1,572,789	556,335	1,425,670
023	DEPARTMENT OF LABOR	32,386,496	43,962,018	44,115,954	50,508,893	50,508,893	46,918,087	46,918,087
024	DEPT OF MOTOR VEHICLES	6,131,297	320,907	29,461	625,288	1,042,146	582,829	999,687
025	DEPT OF HEALTH & HUMAN SERVICES	1,480,303,700	1,607,708,018	1,580,207,570	1,526,488,187	1,487,146,568	1,565,517,058	1,516,391,899
027	DEPARTMENT OF ROADS	0	4,134,963	2,648,418	0	0	0	0
029	DEPT OF NATURAL RESOURCES	290,516	459,273	503,214	503,214	504,660	503,214	511,923
031	MILITARY DEPARTMENT	65,442,961	48,609,422	18,358,061	23,897,708	23,563,905	23,897,708	23,655,684
033	GAME & PARKS COMMISSION	4,653,164	5,173,519	2,356,337	2,062,567	5,165,970	2,062,567	5,183,291
034	NEBRASKA LIBRARY COMMISSION	1,518,300	1,307,327	1,499,056	1,639,385	1,502,442	1,590,089	1,511,770
037	WORKERS COMPENSATION COURT	45,610	47,388	33,208	48,927	48,684	48,927	49,357
046	DEPT OF CORRECTIONAL SERVICES	760,915	34,202,560	17,970,288	970,288	970,288	970,288	976,560
048	COORDINATING COMM FOR POSTSECONDARY	993,975	1,213,003	998,736	2,498,736	2,499,905	2,498,736	2,501,488
050	NEBRASKA STATE COLLEGES	19,251,306	31,429,627	18,091,090	46,699,900	46,699,900	46,699,900	46,739,698
051	UNIVERSITY OF NEBRASKA	295,929,775	344,844,574	500,243,063	500,243,063	500,243,063	500,243,063	500,243,063
054	STATE HISTORICAL SOCIETY	937,835	960,673	803,251	803,251	805,662	803,251	814,309
057	OIL & GAS CONSERVATION COMM	85,502	93,986	91,028	91,028	92,013	91,028	93,595
064	NEBRASKA STATE PATROL	7,470,544	8,062,584	2,192,056	2,192,056	2,198,019	2,192,056	2,267,865
065	DEPT OF ADMINISTRATIVE SERVICES	1,789,562	718,046	0	1,237,920	1,243,400	202,267	207,084

### Federal Funds

Ag#	Agency Name	FY2008-09 Actual Expenditures	FY2009-10 Actual Expenditures	FY2010-11 Appropriation	FY2011-12 Agency Request	FY2011-12 Governor's Recommendation	FY2012-13 Agency Request	FY2012-13 Governor's Recommendation
067	EQUAL OPPORTUNITY COMM	667,811	712,854	811,886	807,886	677,810	807,886	677,810
069	NEBRASKA ARTS COUNCIL	750,547	961,780	650,275	880,800	881,702	880,800	883,955
070	FOSTER CARE REVIEW BOARD	276,252	316,779	651,043	400,000	651,043	400,000	651,043
071	STATE ENERGY OFFICE	6,787,422	17,353,645	6,112,426	34,617,153	34,624,019	7,706,960	7,738,608
072	DEPT OF ECONOMIC DEVELOPMENT	16,353,156	21,790,283	21,981,811	27,068,191	24,568,222	27,068,191	24,569,712
078	COMM ON LAW ENFORCEMENT & CRIMINAL	7,477,436	8,479,607	9,141,757	10,372,217	10,430,201	10,372,217	10,417,951
081	COMM FOR BLIND & VISUALLY IMPAIRED	3,657,827	3,638,789	3,519,806	3,269,887	3,275,917	3,273,131	3,315,713
084	DEPT OF ENVIRONMENTAL QUALITY	22,411,364	62,297,286	29,690,009	29,708,753	29,740,316	29,727,782	29,870,308
088	CORN DEVELOPMENT MARKETING BOARD	201,110	151,350	399,018	260,581	260,581	260,581	260,581
<b>State Total</b>		<b>2,285,978,411</b>	<b>2,670,823,278</b>	<b>2,756,099,391</b>	<b>2,621,032,261</b>	<b>2,586,882,698</b>	<b>2,628,351,709</b>	<b>2,584,534,307</b>

## Revolving Funds

Ag#	Agency Name	FY2008-09 Actual Expenditures	FY2009-10 Actual Expenditures	FY2010-11 Appropriation	FY2011-12 Agency Request	FY2011-12 Governor's Recommendation	FY2012-13 Agency Request	FY2012-13 Governor's Recommendation
009	SECRETARY OF STATE	886,951	916,836	995,138	995,138	989,844	995,138	992,765
011	ATTORNEY GENERAL	1,002,656	1,006,270	1,188,415	1,188,415	1,200,907	1,188,415	1,217,816
013	DEPT OF EDUCATION	30,603	37,021	154,728	154,728	154,728	154,728	154,728
018	DEPT OF AGRICULTURE	455,987	521,411	525,981	525,588	528,244	525,618	533,407
027	DEPARTMENT OF ROADS	1,287,277	681,554	0	0	0	0	0
046	DEPT OF CORRECTIONAL SERVICES	13,745,703	13,524,360	18,073,965	18,099,972	18,093,364	18,099,972	18,173,026
050	NEBRASKA STATE COLLEGES	7,022,050	7,014,127	7,291,348	7,961,387	7,291,348	7,961,387	7,357,909
051	UNIVERSITY OF NEBRASKA	370,599,720	395,789,354	503,314,016	503,314,016	503,314,016	503,314,016	503,314,016
064	NEBRASKA STATE PATROL	631,054	764,100	805,153	970,281	972,619	970,281	981,746
065	DEPT OF ADMINISTRATIVE SERVICES	145,662,135	155,093,528	181,835,366	183,118,859	187,479,291	183,718,859	188,687,139
<b>State Total</b>		<b>541,324,137</b>	<b>575,348,560</b>	<b>714,184,110</b>	<b>716,328,384</b>	<b>720,024,361</b>	<b>716,928,414</b>	<b>721,412,552</b>

## All Funds

Ag#	Agency Name	FY2008-09 Actual Expenditures	FY2009-10 Actual Expenditures	FY2010-11 Appropriation	FY2011-12 Agency Request	FY2011-12 Governor's Recommendation	FY2012-13 Agency Request	FY2012-13 Governor's Recommendation
003	LEGISLATIVE COUNCIL	18,246,128	18,146,496	17,845,341	19,523,607	17,845,341	19,700,363	18,106,927
005	SUPREME COURT	82,610,214	85,955,051	89,067,118	91,948,397	89,197,001	91,983,399	90,048,098
007	GOVERNOR	1,649,102	1,746,798	1,636,049	1,616,049	1,631,635	1,616,049	1,652,727
008	LIEUTENANT GOVERNOR	145,191	135,499	143,285	143,285	143,423	143,285	143,610
009	SECRETARY OF STATE	7,571,337	6,570,663	8,082,593	8,044,220	8,040,850	8,044,220	8,076,907
010	AUDITOR OF PUBLIC ACCOUNTS	3,577,222	3,438,718	3,422,086	3,422,086	3,239,486	3,422,086	3,293,530
011	ATTORNEY GENERAL	9,716,128	9,067,920	9,711,589	12,115,435	11,918,495	9,711,589	9,641,474
012	STATE TREASURER	30,112,444	29,772,611	26,126,616	20,847,630	7,895,313	20,833,480	7,869,217
013	DEPT OF EDUCATION	1,355,356,374	1,468,625,439	1,518,879,456	1,384,628,432	1,379,390,364	1,392,034,447	1,426,988,644
014	PUBLIC SERVICE COMM	60,755,089	61,948,920	78,522,279	80,852,225	79,764,984	80,437,637	79,038,258
015	BOARD OF PAROLE	725,379	756,923	799,188	799,188	806,321	799,188	819,249
016	DEPT OF REVENUE	224,174,813	231,333,433	240,219,884	262,188,730	238,367,232	273,720,153	244,043,931
017	DEPT OF AERONAUTICS	15,512,135	22,737,093	21,903,879	20,321,919	20,312,908	20,110,253	20,130,445
018	DEPT OF AGRICULTURE	17,549,393	16,740,149	18,507,107	16,701,323	17,632,654	16,644,738	17,740,580
019	DEPT OF BANKING	5,904,119	6,023,326	6,401,106	6,823,818	6,788,001	6,800,068	6,850,108
021	STATE FIRE MARSHAL	5,481,126	5,697,983	6,332,358	6,231,981	5,939,379	6,231,981	6,016,060
022	DEPT OF INSURANCE	11,663,862	12,001,109	10,907,249	11,682,542	12,517,231	11,777,452	12,845,725
023	DEPARTMENT OF LABOR	34,415,659	45,972,145	46,638,019	53,030,958	52,185,042	49,440,152	48,619,709
024	DEPT OF MOTOR VEHICLES	23,361,370	20,398,510	26,014,040	21,987,217	22,282,120	20,551,729	20,825,822
025	DEPT OF HEALTH & HUMAN SERVICES	2,700,530,474	2,831,119,563	2,913,421,623	2,904,389,732	2,869,585,799	2,980,764,542	2,943,501,031
027	DEPARTMENT OF ROADS	700,595,769	663,106,620	663,006,843	696,660,584	696,686,236	669,060,584	669,886,236
028	DEPT OF VETERANS AFFAIRS	838,314	926,750	1,115,761	1,117,005	1,116,586	1,117,483	1,133,666
029	DEPT OF NATURAL RESOURCES	24,300,146	20,983,928	23,066,141	22,391,430	22,433,984	22,391,430	22,553,580
030	NEBRASKA ELECTRICAL BOARD	1,450,503	1,496,680	1,584,533	1,550,326	1,552,195	1,550,326	1,571,498
031	MILITARY DEPARTMENT	72,833,674	55,694,887	23,964,622	29,504,269	29,127,146	29,504,269	29,257,425
032	BOARD OF EDUCATIONAL LANDS & FUNDS	9,990,287	10,471,357	9,981,354	9,974,874	9,968,586	9,974,897	10,005,562
033	GAME & PARKS COMMISSION	70,546,025	73,557,014	75,795,777	74,996,900	78,358,712	74,967,088	78,915,608
034	NEBRASKA LIBRARY COMMISSION	5,492,958	5,371,572	5,213,742	5,496,868	5,006,074	5,524,511	5,052,260

## All Funds

Ag#	Agency Name	FY2008-09 Actual Expenditures	FY2009-10 Actual Expenditures	FY2010-11 Appropriation	FY2011-12 Agency Request	FY2011-12 Governor's Recommendation	FY2012-13 Agency Request	FY2012-13 Governor's Recommendation
035	LIQUOR CONTROL COMMISSION	934,277	969,042	1,028,489	1,028,489	988,631	1,028,489	996,125
036	STATE RACING COMMISSION	821,668	843,860	1,065,578	1,045,578	1,040,025	1,045,578	1,049,019
037	WORKERS COMPENSATION COURT	4,628,397	4,750,919	5,616,949	5,629,483	5,569,852	5,629,832	5,591,664
039	NEBRASKA BRAND COMMITTEE	4,066,287	3,987,303	4,233,544	4,367,845	4,202,056	4,410,794	4,246,579
040	MOTOR VEHICLE INDUSTRY LICENSING	618,841	649,983	683,768	693,153	692,611	693,217	700,417
041	REAL ESTATE COMMISSION	1,015,123	1,073,676	1,091,523	1,148,972	1,094,247	1,148,972	1,105,285
045	BOARD OF BARBER EXAMINERS	130,534	125,870	147,041	162,899	154,072	168,789	149,893
046	DEPT OF CORRECTIONAL SERVICES	170,594,161	177,126,726	184,439,471	183,782,219	177,420,956	184,890,860	178,513,803
047	EDUCATIONAL TELECOMMUNICATIONS COMM	10,059,565	10,516,517	9,741,505	10,059,973	9,784,337	10,225,928	9,886,160
048	COORDINATING COMM FOR POSTSECONDARY	14,459,213	16,354,197	16,835,532	20,222,126	19,594,352	20,272,126	19,614,336
050	NEBRASKA STATE COLLEGES	96,527,235	110,931,388	95,882,131	130,183,168	123,967,006	131,512,514	124,988,385
051	UNIVERSITY OF NEBRASKA	1,426,760,251	1,502,204,131	1,849,414,005	1,864,241,561	1,845,972,250	1,875,517,127	1,852,620,590
052	STATE BOARD OF AGRICULTURE	3,017,235	8,004,596	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
053	REAL PROPERTY APPRAISER BOARD	261,052	283,872	276,611	276,611	277,768	276,611	280,081
054	STATE HISTORICAL SOCIETY	6,076,385	6,523,760	6,846,160	7,017,160	6,396,797	6,898,160	6,468,555
056	NEBRASKA WHEAT BOARD	1,121,631	1,170,965	1,339,901	1,292,500	1,275,314	1,342,500	1,321,747
057	OIL & GAS CONSERVATION COMM	647,320	665,225	841,592	868,366	840,659	887,076	850,166
058	BOARD OF EXAMINERS-ENGINEERS &	639,326	645,911	755,164	696,902	689,017	696,995	695,272
059	BOARD OF GEOLOGISTS	29,063	24,801	31,352	45,402	43,852	46,452	44,902
060	NEBRASKA ETHANOL BOARD	435,835	537,344	532,313	559,813	529,779	559,813	535,708
061	DAIRY INDUSTRY DEVELOPMENT BOARD	1,147,833	1,180,184	1,400,000	1,399,947	1,399,947	1,399,957	1,399,957
062	BOARD OF EXAMINERS-LAND SURVEYORS	19,175	18,557	28,391	28,979	28,391	29,481	28,391
063	BOARD OF PUBLIC ACCOUNTANCY	404,309	439,246	412,113	412,113	413,403	412,113	416,852
064	NEBRASKA STATE PATROL	68,642,507	74,496,415	73,630,771	73,276,738	72,605,487	73,152,230	73,371,374
065	DEPT OF ADMINISTRATIVE SERVICES	169,903,323	172,328,632	198,885,009	201,311,739	200,430,091	201,117,336	200,673,582
066	BOARD OF EXAMINERS-ABSTRACTORS	40,495	41,539	44,986	51,087	46,148	53,604	46,643
067	EQUAL OPPORTUNITY COMM	2,026,529	1,928,887	2,087,999	2,058,515	1,830,428	2,058,515	1,856,087
068	COMMISSION ON LATINO-AMERICANS	202,506	171,236	230,837	269,739	212,203	269,739	214,934

## All Funds

Ag#	Agency Name	FY2008-09 Actual Expenditures	FY2009-10 Actual Expenditures	FY2010-11 Appropriation	FY2011-12 Agency Request	FY2011-12 Governor's Recommendation	FY2012-13 Agency Request	FY2012-13 Governor's Recommendation
069	NEBRASKA ARTS COUNCIL	2,270,991	2,754,577	3,518,162	3,748,979	3,609,419	3,749,097	3,620,291
070	FOSTER CARE REVIEW BOARD	1,534,570	1,687,108	2,014,437	1,763,394	1,884,764	1,763,394	1,908,192
071	STATE ENERGY OFFICE	7,141,632	18,198,686	7,776,948	36,252,984	36,260,795	9,342,791	9,378,869
072	DEPT OF ECONOMIC DEVELOPMENT	44,539,872	44,728,795	45,490,725	50,565,796	53,597,419	50,565,796	53,670,815
073	BOARD OF LANDSCAPE ARCHITECTS	17,379	18,626	21,722	32,216	32,021	33,006	32,711
074	POWER REVIEW BOARD	285,074	305,901	676,069	639,458	637,446	638,958	640,776
075	NEBRASKA INVESTMENT COUNCIL	1,796,674	2,035,526	2,497,644	2,426,801	2,383,561	2,557,957	2,399,513
076	COMM ON INDIAN AFFAIRS	189,018	200,273	248,535	201,270	164,790	201,270	167,714
077	COMM ON INDUSTRIAL RELATIONS	314,358	265,866	309,981	309,981	281,161	309,981	284,108
078	COMM ON LAW ENFORCEMENT & CRIMINAL	20,534,053	19,822,414	22,034,775	22,916,487	22,720,308	22,916,487	22,702,019
081	COMM FOR BLIND & VISUALLY IMPAIRED	4,705,005	4,760,516	4,618,077	4,376,060	4,384,119	4,379,304	4,433,012
082	COMM FOR DEAF & HARD OF HEARING	801,724	827,476	848,873	887,362	860,101	881,681	854,351
083	AID TO COMMUNITY COLLEGES	87,266,476	86,966,256	86,758,025	90,228,346	86,758,025	93,837,480	87,870,147
084	DEPT OF ENVIRONMENTAL QUALITY	52,405,242	96,326,927	69,692,342	68,600,544	68,505,568	66,684,173	66,845,298
085	PUBLIC EMPLOYEES RETIREMENT SYSTEM	29,140,071	32,074,717	32,517,427	58,851,885	34,203,125	90,436,337	33,985,464
086	DRY BEAN COMMISSION	275,913	283,794	380,000	380,000	370,802	380,000	371,511
087	ACCOUNTABILITY & DISCLOSURE COMM	591,811	535,906	1,492,381	1,403,106	1,365,455	1,486,806	1,457,682
088	CORN DEVELOPMENT MARKETING BOARD	3,829,642	3,568,650	5,350,048	5,211,611	5,206,570	5,211,611	5,215,399
092	GRAIN SORGHUM BOARD	140,540	126,095	288,800	288,800	272,171	288,800	273,279
093	TAX EQUALIZATION & REVIEW COMM	806,772	886,661	910,044	893,959	815,267	893,959	777,040
094	COMMISSION ON PUBLIC ADVOCACY	3,473,096	3,735,769	4,001,934	4,001,934	3,796,764	4,001,934	3,812,151
<b>State Total</b>		<b>7,742,395,224</b>	<b>8,127,902,476</b>	<b>8,599,779,322</b>	<b>8,637,603,080</b>	<b>8,497,842,428</b>	<b>8,717,663,029</b>	<b>8,575,494,736</b>



# Appendix





# Administrative Services – State 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, Dept. of Banking, Board of Barber Examiners, Board of Examiners Abstracters, Dept. of Economic Development, Board of Geologists, Employees Retirement Board, Engineers & Architects, Dept. of Insurance, Investment Council, Dept. 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, Dept. of Education, Historical Society, Indian Commission, Latino-American Commission, Library 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, Dept. of Environmental Quality, Ethanol Board, Game and Parks Commission, Dept. of Natural Resources, Oil and Gas Commission, Power Review Board, Racing Commission

**William Scheideler** – State College System, Community Colleges, 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, Dept. of Correctional Services, Crime Commission, Electrical Board, Equal Opportunity Commission, State Fire Marshal, Military Department, Board of Pardons/Parole, State Patrol, Commission on Public Advocacy, Supreme Court, Workers' Compensation

**John Heacock** – Administrative Services – Building Division staff consulted for capital construction related issues.

## Support Staff

**Betty Hladky**, Business Manager