



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.

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	Current	Next Biennium		Following Biennium	
	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
Beginning Balance	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					
Ending Balance	313,201,627	183,201,627	61,752,627	136,752,627	259,752,627