



State of Nebraska

Executive Budget Briefing

2013 – 2015 Biennium

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Governor

January 15, 2013

Nebraska and Nebraskans don't
spend money we don't have.

As a result, we are in a better
position for future growth than
most states.

Key Principles for the Budget

- No tax increases
- Education is a top priority
 - State Aid Increase
 - Special Education Increase
 - Higher Education Tuition Freeze
- Rebuild cash reserve fund

Education - \$236.2 million

- State Aid is a Top Priority
 - State Aid - 5% annual increase (\$130 million)
 - FY 14 Increases to \$895 million
 - FY 15 Increases to \$939 million
 - Special Education Aid - 5% increase in each year (\$29.6 million)

Education - \$236.2 million

- Higher Education – Tuition Freeze for Nebraskans
 - University of Nebraska - \$62.1 million increase
 - 3.8%/4.6% annual increases
 - Nebraska State Colleges - \$6.2 million increase
 - 4.5%/4.4% annual increases
 - Community College Aid - \$10.7 million increase
 - 4.0% annual increases

Health & Human Services

- Significant additional appropriations for Health and Human Services
 - Medicaid
 - Affordable Care Act implementation
- Commitment to Veterans
 - Construct new Central Nebraska Veterans Home

Medicaid/CHIP - \$248.3 million

- Financial Requirements of Current Program – \$176 million
 - Increased enrollment & services - \$87.9 million increase
 - Provider rates - \$44.4 million increase (2.25% annually)
 - State/Federal Match (FMAP) - \$43.7 million increase

Federal Health Care Law

- President Obama's Federal Health Care Law – \$72.3 million
 - Operations - \$14.6 million
 - Aid - \$57.7 million
- Total of \$248.3 million for Medicaid/CHIP

Health & Human Services and Veterans

- Construct New Central Nebraska Veterans Home
 - \$47 million state funds commitment to secure \$74 million of federal funds

Other Issues

- Correctional Services
 - Inmate food, clothing and health care - \$10.9 million
 - Increased inmate population- \$5.6 million
- Salary Increase
 - State employees – 2.25% annually
 - State Law Enforcement Bargaining Council – 3.4% / 3.3%
- Developmental Disabilities aid- \$29.6 million
- Child Care provider rates - \$8.6 million
- Water litigation - \$5 million

Commitment to Wellness

- Innovative wellness program
- Wellness-focused insurance package
- Prestigious national health award
- Results
 - \$4.2 million reduction in claims
 - Strong participation rates
 - High satisfaction among employees
- No new state funds needed for health insurance during next two years

Tax Receipt Forecast

- FY 2012-13: \$3.825 billion; *exceeding certified forecast by \$57.9 million*
- FY 2013-14: \$3.922 billion; *4.2% increase (adjusted), 3.6% (nominal)*
- FY 2014-15: \$4.080 billion; *4.9% increase (adjusted), 4.0% (nominal)*

2013 – 2015 Biennium Budget

- Two year average growth - 4.9%
 - FY 2013-14: \$185.3 million annual increase; 5.1% increase
 - \$77.6 million for education – 41.8% of total increase
 - \$98.7 million for health and human services – 53.3% of increase
 - FY 2014-15: \$180.8 million annual increase; 4.7% increase
 - \$81.1 million for education – 44.9% of total increase
 - \$89.1 million for health and human services – 49.3% of increase

General Fund Status

| | | Current FY2012-13 | Next Biennium | | Following Biennium | |
|-----|---|----------------------|---------------|---------------|--------------------|---------------|
| | | | FY2013-14 | FY2014-15 | FY2015-16 | FY2016-17 |
| 1 | <u>Beginning Balance</u> | | | | | |
| 2 | Beginning Cash Balance | \$498,526,358 | \$284,832,422 | \$249,829,306 | \$249,997,327 | \$273,238,749 |
| 3 | Cash Reserve Fund transfer-Automatic | (104,789,781) | (57,934,000) | | | |
| 4 | Carryover obligations from FY2011-12 | (267,812,760) | | | | |
| 4a | Lapse FY2011-12 reappropriations | 5,046,613 | | | | |
| 5 | Allocation for potential deficits | | (5,000,000) | (5,000,000) | (5,000,000) | (5,000,000) |
| 6 | Unobligated Beginning Balance | 130,970,430 | 221,898,422 | 244,829,306 | 244,997,327 | 268,238,749 |
| 7 | <u>Revenues</u> | | | | | |
| 8 | Net Receipts (Certified; NEFAB; LFO Hist Avg) | 3,825,000,000 | 3,922,000,000 | 4,080,000,000 | 4,343,000,000 | 4,593,000,000 |
| 9 | General Fund transfers - out | (114,700,000) | (116,300,000) | (116,300,000) | (116,300,000) | (116,300,000) |
| 10 | General Fund transfers - in | | 40,000,000 | 40,000,000 | | |
| 11 | Cash Reserve Fund transfers | 78,000,000 | | | | (47,015,459) |
| 12 | General Fund Net Revenues | 3,788,300,000 | 3,845,700,000 | 4,003,700,000 | 4,226,700,000 | 4,429,684,541 |
| 13 | <u>Appropriations</u> | | | | | |
| 14 | Actual Expenditures/Appropriations (2012 Session) | 3,632,423,755 | 3,632,423,755 | 3,632,423,755 | 3,632,423,755 | 3,632,423,755 |
| 15 | 2013 Claims Bill | 522,809 | | | | |
| 16 | 2013 Deficit Recommendations | 1,491,444 | | | | |
| 17 | Operations/Aid Budget Recommendations | | 184,326,570 | 364,521,457 | 364,521,457 | 364,521,457 |
| 17a | Capital Construction Budget Recommendations | | 1,018,791 | 1,586,767 | 1,586,767 | 1,586,767 |
| 18 | Following Biennium | | | | 199,926,599 | 409,849,528 |
| 19 | General Fund Appropriations | 3,634,438,008 | 3,817,769,116 | 3,998,531,979 | 4,198,458,578 | 4,408,381,507 |
| 20 | <u>Ending Balance</u> | | | | | |
| 21 | Dollar ending balance | 284,832,422 | 249,829,306 | 249,997,327 | 273,238,749 | 289,541,783 |
| 22 | Minimum Biennial Reserve Requirement | | | 235,231,993 | | 259,409,181 |
| 23 | Variance from Minimum Reserve | | | 14,765,334 | | 30,132,602 |
| 24 | Biennial Reserve (%) | | | 3.2% | | 3.4% |
| 25 | Annual % Change - Appropriations (excl. deficits) | 4.2% | 5.1% | 4.7% | 5.0% | 5.0% |
| 26 | Two Year Average | 3.3% | -- | 4.9% | -- | 5.0% |
| 27 | Annual % Change - Net Receipts (Nominal) | 3.5% | 3.6% | 4.0% | 5.5% | 5.8% |
| 28 | Two Year Average | 4.6% | -- | 3.8% | -- | 5.6% |

General Fund Transfers

| Description | FY14 | FY15 |
|---|--------------------|--------------------|
| General Fund Transfers - In | | |
| Transfer from Securities Act Cash Fund | 24,000,000 | 24,000,000 |
| Transfer from Insurance Cash Fund | 6,000,000 | 6,000,000 |
| Transfer from Tobacco Products Administration Cash Fund | 10,000,000 | 10,000,000 |
| General Fund Transfers - In Total | 40,000,000 | 40,000,000 |
| General Fund Transfers - Out | | |
| Transfer to Property Tax Credit Cash Fund; net of available balance | 113,000,000 | 113,000,000 |
| Transfers to Water Resources Cash Fund | 3,300,000 | 3,300,000 |
| General Fund Transfers - Out Total | 116,300,000 | 116,300,000 |

Cash Reserve Fund Status

| | Current | Next Biennium | | Following Biennium | |
|---|--------------|---------------|-------------|--------------------|-------------|
| | FY2012-13 | FY2013-14 | FY2014-15 | FY2015-16 | FY2016-17 |
| 1 Beginning Balance | 428,878,372 | 384,120,028 | 395,038,569 | 395,038,569 | 395,038,569 |
| 2 Transfer Amounts Above Forecasts | 104,789,781 | 57,934,000 | | | |
| 3 To/From General Fund | (78,000,000) | 0 | 0 | | |
| 4 From Water Contingency Cash Fund | 4,990,198 | | | | |
| 5 To/From Ethanol Production Incentive Cash Fund | 4,461,676 | | | | |
| 6 To NCCF for higher ed construction/Centennial Mall | (80,000,000) | | | | |
| 7 To Affordable Housing Trust Fund | (1,000,000) | | | | |
| 8 To NCCF for Central Nebraska Vets Home construction | | (47,015,459) | | | 47,015,459 |
| Ending Balance | 384,120,028 | 395,038,569 | 395,038,569 | 395,038,569 | 442,054,028 |



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For more information: budget.nebraska.gov