



S t a t e o f N e b r a s k a

**Mid-Biennium
Budget Adjustments**

2013-2015 B i e n n i u m

Dave Heineman
Governor

Presented January 15, 2014

Mid-Biennium Budget Adjustments

2013 - 2015 Biennium

Presented by
Administrative Services – State Budget Division
Room 1320 State Capitol
Lincoln, Nebraska 68509
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Presented January 15, 2014



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STATE OF NEBRASKA

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January 15, 2014

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

Dear Mr. President and Members of the Legislature:

Today I am presenting my recommendations for specific mid-biennium adjustments to the 2013-2015 biennial budget.

State agencies submitted mid-biennium General Fund budget requests totaling \$26 million. My recommendations provide \$6 million in additional General Fund appropriations for the 2013-2015 biennium. These recommendations include \$49 million of specific increases and \$43 million in specific reductions in General Fund appropriations.

Mid-biennium budget instructions provided that state agencies should only submit requests to address critical situations that cannot be managed within existing biennial appropriations. My recommendations address those emergent situations. I do not recommend additional appropriations for new or expanded programs submitted contrary to mid-biennium budget instructions by state agencies.

Since the 2013-2015 biennial budget was established, the State collected \$285 million more in General Fund tax receipts than was estimated for fiscal year 2012-13. In addition, General Fund tax receipt forecasts for the 2013-2015 biennium have been increased by \$64 million. The State Cash Reserve Fund is estimated to end the 2013-2015 biennium with a \$720 million balance.

My mid-biennium budget recommendations also provide a 2013-2015 biennium ending General Fund balance in excess of the required 3% minimum reserve by \$43 million.

I look forward to working closely with you to address these mid-biennium budget adjustments.

Sincerely,

Dave Heineman
Governor



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General Fund Financial Status

Cash Reserve Fund Status

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 2013-2015 mid-biennium recommendations. While Nebraska operates with a biennial budget, the version of the Status shown in this document includes an additional two years of estimated revenues and appropriations for planning purposes.

The revenue portion of the Status shows the net General Fund tax receipts for the most recently completed fiscal year, the forecast for the two fiscal years of the 2013-2015 biennium as adopted by the Economic Forecasting Advisory Board at its October 2013 meeting, and the projection for the two fiscal years of the 2015-2017 biennium as presented to the Tax Rate Review Committee in November of 2013 by the Legislative Fiscal Office.

The Governor recommends transferring \$6.8 million in FY 2014-15 from the False Medicaid Claims Act sub-fund of the Health and Human Services Cash Fund to the General Fund.

The appropriations shown for the 2013-2015 biennium are those adopted during the 2013 regular legislative session. The Governor's mid-biennium recommendations include a net General Fund appropriation reduction of \$1,055,760 for FY 2013-14 and a net General Fund increase of \$8,676,070 for FY 2014-15. The Status also reflects a recommended reduction of \$21,392 in FY 2013-14 reappropriations.

The ending General Fund balance exceeds the statutory minimum requirement of three percent by over \$43 million.

The planning estimates for the following 2015-2017 biennium include the tax receipt projections presented to the Tax Rate Review Committee in November of 2013 by the Legislative Fiscal Office. These projections represent 5.3 percent average annual growth in tax receipts necessary to maintain a five-year rate and base adjusted historical average growth of 5.1 percent. The nominal projected average annual increase in tax receipts is 5.2 percent.

The amounts shown at this time as high level planning estimates for General Fund appropriation increases in the following 2015-2017 biennium are also as presented to the Tax Rate Review Committee in November 2013 by the Legislative Fiscal Office.

Cash Reserve Fund Status

FY 2012-13 actual net General Fund tax receipts exceeded the FY 2012-13 certified forecast by \$285.3 million. That amount was automatically transferred by operation of state law to the Cash Reserve Fund in July 2013. In addition, the Economic Forecasting Advisory Board increased its estimate of net General Fund tax receipts for FY 2013-14 by \$46.3 million which is shown as an automatic transfer to the Cash Reserve Fund in FY 2014-15.

The Governor is recommending the transfer of up to \$5.5 million from the Cash Reserve Fund to the Republican River Compact Litigation Contingency Cash Fund in FY 2014-15. This transfer would cover the amount anticipated to be ordered to be paid by Nebraska by the United States Supreme Court based on the November 2013 recommendations of the Special Master relative to the *Kansas v. Nebraska* Republican River Compact litigation.

The biennium ending Cash Reserve Fund balance is estimated to be \$720.2 million.

General Fund Financial Status

	Actual FY2012-13	Current FY2013-14	Current FY2014-15	Next Biennium FY2015-16	Next Biennium FY2016-17
1 Beginning Balance					
2 Beginning Cash Balance	\$498,526,356	\$814,678,170	\$325,041,378	\$289,159,643	\$263,899,641
3 Cash Reserve Fund transfer-Automatic	(104,789,781)	(285,292,610)	(46,313,000)		
4 Carryover obligations from FY2012-13		(259,952,427)			
4a Lapse FY2012-13 reappropriations		21,392			
5 Allocation for potential deficits			(5,000,000)	(5,000,000)	(5,000,000)
6 Unobligated Beginning Balance	393,736,575	269,454,525	273,728,378	284,159,643	258,899,641
7 Revenues					
8 Net Receipts (October 2013 NEFAB; LFO Hist Avg)	4,047,001,257	4,067,000,000	4,175,000,000	4,367,000,000	4,628,000,000
9 General Fund transfers - out (current)	(114,700,000)	(121,300,000)	(116,800,000)	(117,050,000)	(117,050,000)
10 General Fund transfers - in (current)	In Receipts	In Receipts	In Receipts		
11 Cash Reserve Fund transfers (current)	78,000,000	(53,000,000)			
12 General Fund transfers - in (2014 Session)			6,800,000		
13 General Fund Net Revenues	4,010,301,257	3,892,700,000	4,065,000,000	4,249,950,000	4,510,950,000
14 Appropriations					
15 Actual Expenditures/Appropriations (2013 Session)	3,589,359,662	3,838,168,907	4,040,892,665	4,040,892,665	4,040,892,665
16 2014 Claims Bill		1,217,753			
17 2014 Governor's Mid-Biennium Budget Adjustments		(2,273,513)	8,676,070	8,676,070	8,676,070
18 LFO Projected Increases-Next Biennium				220,641,267	393,661,361
19 General Fund Appropriations	3,589,359,662	3,837,113,147	4,049,568,735	4,270,210,002	4,443,230,096
20 Ending Balance					
21 Dollar ending balance	814,678,170	325,041,378	289,159,643	263,899,641	326,619,545
22 Minimum Biennial Reserve Requirement			245,847,744		263,593,970
23 Variance from Minimum Reserve			43,311,899		63,025,575
24 Biennial Reserve (%)			3.5%		3.7%
25 Annual % Change - Appropriations	4.2%	5.6%	5.5%	5.4%	4.1%
26 Two Year Average	2.7%	--	5.6%	--	4.7%
27 Annual % Change - Net Receipts (Nominal)	9.5%	0.5%	2.8%	4.4%	6.0%
28 Two Year Average	7.6%	--	1.7%	--	5.2%

Cash Reserve Fund Status

	Actual FY2012-13	Current FY2013-14	Current FY2014-15	Next Biennium FY2015-16	Next Biennium FY2016-17
1 Beginning Balance	428,878,372	384,121,402	673,898,553	720,211,553	720,211,553
2 Transfer Amounts Above Forecasts	104,789,781	285,292,610	46,313,000		
3 To/From General Fund	(78,000,000)	53,000,000	0		
4 From Water Contingency Cash Fund	4,991,572				
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 NE Veterans Home		(43,015,459)			
9 Transfer for potential Republican River Compact ruling		(5,500,000)			
Ending Balance	384,121,402	673,898,553	720,211,553	720,211,553	720,211,553

Mid-Biennium Budget Adjustments



Summary of Governor's Recommendations

Introduction

Appropriations for each year of the 2013-2015 biennial budget were enacted during the 2013 legislative session. As noted in the budget instructions issued to agencies, boards, and commissions in September 2013, a deficit budget request should only be submitted to address the most critical situations that cannot be managed within existing appropriations and other requirements of the enacted appropriation laws. State agencies, boards, and commissions must consider the number of months remaining in their current budget plan and undertake necessary management actions that will allow them to operate within the current 2013-2015 biennium appropriations.

Several state agencies, boards, and commissions submitted deficit requests that were consistent with these instructions. The Governor's mid-biennium recommendations include appropriations for funding these situations. Some others submitted requests for funding for new or expanded programs and activities contrary to the mid-biennium deficit request instructions. These requests are more appropriately considered as part of a regular biennial budget request submission. The Governor has not recommended additional funding for items that should be addressed next year as part of the 2015-2017 biennial budget submission.

The Governor's recommendations are explained in the following pages. More detailed information on agency mid-biennium budget requests can be found at <https://das-nebs.ne.gov/public/faces/publicIndex.jsp>.

General Government

Auditor of Public Accounts

State Agency and County Post Audits – In 2013, the Governor's biennial budget recommendations for the State Auditor's State Agency and County Post Audits Program reflected a General Funds appropriation of \$1,964,418 for FY 2013-14 and \$2,007,762 for FY 2014-15. The Legislature passed a General Fund appropriation of \$2,153,986 for FY 2013-14 and \$2,177,923 for FY 2014-15. The Governor subsequently vetoed \$144,669 General Funds in each of FY 2013-14 and FY 2014-15. The Appropriations Committee did not recommend an override on this veto and a motion by an individual senator was unsuccessful. The State Auditor's Office submitted a request for \$176,669 General Funds for each of FY 2013-14 and FY 2014-15, including \$20,000 Personal Service Limitation in each year.

The Governor's recommendations do not include these increases.

Agriculture, Environment and Natural Resources

Agriculture, Department of

Eliminate Duplicative Climate Study Funding – Laws 2013, LB 583, called for the Climate Assessment Response Committee (within the Department of Agriculture) to prepare and submit a report on cyclical climate change in Nebraska to the Governor and the Legislature by December 1, 2014. LB 583A appropriated \$44,746 General Funds in FY 2013-14 to the Department of Agriculture to fund the study. In autumn 2013, the University of Nebraska-Lincoln's Institute of Agriculture and Natural Resources indicated it would conduct its own climate change study. Speaker Adams and Senator Haar have advised the Governor that the LB 583 study would be duplicative of the University study and that legislation would be introduced in 2014 to repeal it. The Governor notified the Legislature on December 3, 2013, that he had directed the Department of Agriculture to cancel the Request for Information and that his 2014 budget recommendations would eliminate funding for this climate study.

The Governor recommends the elimination of the \$44,746 General Fund appropriation previously provided by the Legislature for the now duplicative Department of Agriculture study.

Game and Parks Commission

Additional Environmental Trust Grants – The Nebraska Environmental Trust requested a \$4,250,000 cash fund appropriation in FY 2013-14 and a \$2,000,000 cash fund appropriation in FY 2014-15 to allow for the awarding of new grants using unexpended grant funds returned to the Nebraska Environmental Trust Fund, interest earnings from the Nebraska Environmental Endowment Fund and growth in lottery proceeds.

The Governor's recommendation includes an increase in cash fund appropriation of \$3,500,000 in FY 2013-14 and \$1,000,000 in FY 2014-15 to allow additional grants using unexpended grant funds and growth in lottery proceeds.

Economic Development

Banking and Finance, Department of

Litigation Expenditures – The Governor's recommendations include \$200,000 cash funds for FY 2013-14 for estimated litigation expenditures assessed to the agency by the Risk Manager.

Engineers and Architects, Board of

Executive Director Salary – The Board requests an increase of \$28,401 cash funds and \$18,516 Personal Service Limitation for FY 2014-15 for an increase to the salary of the Executive Director position. The prior Executive Director was not a licensed engineer or architect. The Board intends to hire a licensed engineer or architect for their next Executive Director and has indicated the salary for the position would need to be higher than is currently in the Board's budget.

The Governor's recommendations include these increases to cash fund appropriation and Personal Service Limitation.

Merchant Fees – The Governor's recommendations do not include the agency requested \$7,800 for FY 2013-14 and \$10,000 for FY 2014-15 in cash fund appropriations for increased costs related to merchant fees. The agency has a three-year average of \$178,534 in unused appropriation. The agency has sufficient appropriation to fund the increase in merchant fees.

Public Service Commission

Addition of Administrative Assistant – The agency requested the funding for an additional Administrative Assistant position. The Governor's recommendation does not include the agency

requested \$13,605 cash fund appropriations for FY 2013-14 and \$50,964 cash fund appropriations for FY 2014-15. The requested \$7,515 Personal Service Limitation (PSL) for FY 2013-14 and \$32,273 PSL for FY 2014-15 to hire an additional Administrative Assistant is also not recommended. The agency reallocated their available resources to match their projected needs in the 2013-2015 biennial budget request. That reallocation of resources, as the agency requested, was enacted.

Real Estate Commission

Deputy Director for Enforcement Retirement – The Governor's recommendations include the agency requested \$28,562 cash fund appropriation in FY 2013-14 and \$24,806 Personal Service Limitation in FY 2013-14 related to the retirement leave balance payout of the Deputy Director for Enforcement.

Educational Service Expense – The Governor's recommendation does not include the agency requested \$10,000 cash fund appropriation for FY 2013-14 and FY 2014-15 to finance increased costs related to the administering of tests. Over the last three years, the agency has averaged \$114,703 in unused appropriation. The agency has sufficient appropriation to fund the increase in testing costs.

Tourism Commission, Nebraska

Additional Staffing – The Governor's recommendations do not include the \$46,230 cash funds for FY 2013-14 and \$295,485 cash funds for FY 2014-15 for four additional staff positions requested by the Commission. The Governor's recommendation also does not include the requested \$28,121 Personal Service Limitation (PSL) for FY 2013-14 and \$182,764 PSL for FY 2014-15. The staffing needs for the Commission were evaluated and provided by LB 1053 (2012 Session Laws). These additional positions were also line-item vetoed in LB 195, the 2013-2015 biennial budget bill, that passed in 2013. No attempt was made by the Legislature to override the veto.

Human Resources Development

Arts Council, Nebraska

Stipends for Grant Reviewers – The agency requested a General Fund appropriation of \$6,000 for FY 2013-14 and \$10,800 for FY 2014-15 to contract for and pay stipends to evaluators of grant applications.

The Governor's recommendation does not include the requested General Funds.

Information Technology (IT) Hardware and Services – The agency requested \$12,210 General Funds for FY 2014-15 to begin obtaining annual IT services from the Office of the Chief Information Officer (OCIO) due to the lack of an agency employee with the necessary skills.

The Governor's recommendation includes the requested General Funds.

Education, Department of

Assessment Earmark Reduction – The Department requested a reduction in the General Fund earmark for Statewide Assessment in the amount of \$290,400 for FY 2013-14 and \$290,400 for FY 2014-15, to correct an error in the calculation of the earmark.

The Governor's recommendation includes the requested change in General Fund earmark.

Math and Language Arts Standards – The Department requested a General Fund appropriation of \$25,000 for FY 2013-14 to develop new language arts standards and a General Fund appropriation of \$25,000 for FY 2013-14 to develop new math standards.

The Governor's recommendation does not include this additional funding, as such functions are on-going responsibilities of the Department that are already financed in the Department's base budget.

Administration Assistant – The Department requested a General Fund appropriation of \$24,000 and Personal Service Limitation (PSL) of \$16,271 for both FY 2013-14 and FY 2014-15 to replace reduced federal funding of an administrative assistant position.

The Governor's recommendation does not include the requested appropriations and PSL authority.

Program Specialist – The Department requested a General Fund appropriation of \$44,000 and PSL of \$37,861 for both FY 2013-14 and FY 2014-15 to replace reduced federal funding of a program specialist position.

The Governor's recommendation does not include the requested appropriations and PSL authority.

Early Childhood Evaluators – The Department requested a General Fund appropriation of \$86,108 for FY 2013-14 and \$88,691 General Fund appropriation for FY 2014-15 to contract with Environment Rating Scales Institute (ERSI) to train "principal assessors" to evaluate the quality of early childhood programs.

The Governor's recommendation does not include the requested appropriations to fund new initiatives, which should be considered during the formulation of the biennial budget.

Early Childhood Technical Assistance – The Department requested a reallocation of General Fund appropriation of \$95,798 for FY 2013-14 and \$95,798 for FY 2014-15 from aid to operations in order to expend 5% of the allocation for *age-4* Early Childhood Education Aid on its administrative costs.

The Governor's recommendation does not include this requested reallocation, noting that the Legislature has consistently allocated 100% of the appropriation for *age-4* Early Childhood Education as aid. Any administrative costs would be on-going and therefore would already be funded within the Department's base budget.

Limited English Proficiency (LEP)/Poverty Plans – The Department requested a General Fund appropriation of \$93,532 and PSL of \$53,837 for FY 2013-14 and a General Fund appropriation of \$93,532 and PSL of \$55,048 for FY 2014-15 to hire an Education Specialist III for LEP/Poverty Plans.

The Governor's recommendation does not include the requested appropriations and PSL authority. General Funds in the amount of \$75,000 is already specifically allocated annually for this purpose and the Department has adequate PSL authority.

Educator Effectiveness Administrator – The Department requested a General Fund appropriation of \$150,000 and PSL of \$78,048 for FY 2013-14 and a General Fund appropriation of \$150,000 and PSL of \$79,800 for FY 2014-15 to hire an Educator Effectiveness Administrator.

The Governor's recommendation does not include the requested appropriations and PSL to fund new positions which should be considered during the formulation of the biennial budget.

Software Licensing – The Department requested a General Fund appropriation of \$166,554 for FY 2013-14 and \$166,554 for FY 2014-15 to continue the software licensing agreement for the education data warehouse known as the Nebraska Student and Staff Record System (NSSRS).

The Governor's recommendation does not include the requested General Fund appropriations. The Department's request is for an existing, on-going cost that is already funded within its base operating budget. The Department is currently receiving in its base budget all of the General Fund increase for longitudinal data systems that it requested in FY 2012-13. It requested no additional funds in the 2013-2015 biennial budget, at which time any additional software license fees should have been identified. The Department also has carried over nearly \$1 million in federal funds provided for longitudinal data systems in FY 2012-13.

Information Technology (IT) Applications Developer – The Department requested a General Fund appropriation of \$107,499 and PSL of \$55,047 for FY 2014-15 to hire an IT Applications Developer.

The Governor's recommendation does not include the requested appropriations and PSL authority to fund new positions, which should be considered during the formulation of the biennial budget.

Educator Training – The Department requested a General Fund appropriation of \$13,000 for FY 2013-14 to train educators on new math and language arts standards.

The Governor's recommendation does not include the requested General Fund appropriation, as such functions are on-going responsibilities of the Department, which are already included in the agency's base funding.

University of Nebraska Intern – The Department requested a General Fund appropriation of \$4,000 for FY 2013-14 and \$4,000 for FY 2014-15 to contract with the University of Nebraska to provide an intern to assist the Department's Network, Education, and Technology (NEaT) team.

The Governor's recommendation does not include the requested General Funds.

School Safety Specialist – The Department requested a General Fund appropriation of \$93,532 and PSL of \$53,837 for FY 2013-14 and a General Fund appropriation of \$93,532 and PSL of \$55,048 for FY 2014-15 to hire an Education Specialist III for School Safety.

The Governor's recommendation does not include the requested appropriations and PSL authority to fund new positions, which should be considered during the formulation of the biennial budget.

Teacher of the Year Support – The Department requested a General Fund appropriation of \$15,000 for operations and \$5,000 for aid for FY 2013-14, and \$15,000 for operations and \$5,000 for aid for FY 2014-15 to supplant private donations which are the primary source of funding for the Department's "Teacher of the Year" program.

The Governor's recommendation does not include the requested General Fund appropriation.

School Breakfast Entitlement – The Department requested a General Fund appropriation of \$93,853 for FY 2013-14 to fund fully the reimbursements to schools for school breakfast expenditures as provided for by statute.

The Governor's recommendation includes the requested General Fund appropriation.

Excellence in Teaching Surplus – The Department requested a cash fund appropriation of \$400,000 for FY 2013-14 and \$400,000 for FY 2014-15 to expend the excess cash balance remaining in the Excellence in Teaching Cash Fund.

The Governor's recommendation includes the cash fund authority as requested.

Professional Practices Compensation – The Department requested a cash fund appropriation of \$39,381 and PSL of \$35,870 for FY 2013-14 to fund an annual salary increase, an expected retirement leave balance payout and transitional costs related to the staff position for the Professional Practices Commission.

The Governor's recommendation includes these requests.

Educational Telecommunications Commission

Radio Transmission Equipment – The Commission requested a General Fund appropriation of \$140,000 for FY 2013-14 and \$140,000 for FY 2014-15 to replace aging/failing FM antennas and feed lines at KHNE (Hastings) and KMNE (Basset). These replacements were originally included in the Commission's 2013-2015 biennial budget request, but were not included in the biennial budget as passed. The equipment has since deteriorated beyond repair.

The Governor's recommendation includes the requested General Funds.

Health and Human Services, Department of (DHHS)

FMAP Decrease – The federal FY 2015 Medicaid assistance percentage (FMAP) is being reduced from 54.74% to 53.27%, effective October 1, 2014. The federal FY 2015 enhanced match that applies to the Children's Health Insurance Program (CHIP) is being reduced from 68.32% to 67.29%. A decrease in FY 2015 FMAP and enhanced FMAP was anticipated when the state biennial budget was adopted in the 2013 legislative session. The final federal FY 2015 FMAP announced in October 2013 was reduced from the estimated FMAP that was used to establish program budgets in the spring of 2013. The General Fund impact of this additional reduction of federal funds is \$16,919,325 to the Department of Health and Human Services programs affected by FMAP for the affected nine months of state FY 2014-15.

The Governor's recommendation includes the \$16,919,325 increase in General Funds and the corresponding decrease in federal funds for FY 2014-15. The recommendation redirects the \$10,000,000 FY 2014-15 General Fund appropriation to the Patient Protection and Affordable Care Act Contingency Fund, which represents savings to state behavioral health programs from the implementation of the Affordable Care Act (ACA), to address the impact of the reduced FMAP.

CHIP-ACA Section 2101(f) Population – A Centers for Medicare and Medicaid Services (CMS) clarification of Section 2101(f) of the Affordable Care Act (ACA) requires a separate temporary Children's Health Insurance Program (CHIP) to cover CHIP eligibles who would otherwise no longer qualify for Medicaid and CHIP due to the conversion to Modified Adjusted Gross Income (MAGI) methodology of eligibility determination. The Department estimates that coverage of this mandatory group for the duration of the temporary program, January 2014 through December 2015, will increase CHIP program expenditures by \$440,134 General Funds and \$957,116 federal funds for state FY 2013-14, and \$1,665,075 General Funds and \$3,551,325 federal funds for state FY 2014-15.

The Governor's recommendation includes the funding requested by the Department to finance the additional CHIP program costs resulting from the CMS clarification of the ACA, Section 2101(f) requirements.

CHIP-MAGI Eligibility Rules Under ACA – CMS published rules on July 15, 2013 relating to the conversion to the MAGI eligibility determination methodology that included a 5% federal poverty level (FPL) disregard in determining eligibility for the CHIP program. This will increase the number of children eligible for CHIP coverage. The Department estimates the budget impact to the CHIP program to be \$1,369,305 General Funds and \$2,977,695 federal funds for FY 2013-14, and \$2,775,125 General Funds and \$5,918,875 federal funds for FY 2014-15.

The Governor's recommendation includes the funding requested by the Department to finance the additional CHIP program costs associated with the recently published CMS rules relating to the ACA 5% FPL disregard.

Medicare Part D Clawback Reduction – Mandatory state payments to the federal government to help finance the Medicare Part D benefit for individuals eligible for both Medicare and Medicaid, known as dual eligibles, has decreased. These payments are commonly called "clawback" payments.

The Governor's recommendation reduces the General Fund appropriation to the Medicaid program by \$2,800,000 for FY 2013-14 and \$4,800,000 for FY 2014-15 to account for the reduction in the "clawback" payments.

Medicaid Program Base Reduction – The Governor's recommendation includes a \$4,622,744 General Fund reduction and a \$5,269,710 federal fund reduction in the Medicaid program for FY 2014-15 based on ongoing analysis of program funding requirements by the Department.

Lincoln Regional Center Kitchen Replacement – The Department requested \$1,234,444 General Funds to replace the Lincoln Regional Center kitchen. HHS proposes to finance the cost of the capital project by reducing appropriations available to the Behavioral Health Operations program for FY 2013-14 by an amount equivalent to the cost of the project.

The Governor's recommendation includes the requested kitchen replacement project and offsets the cost of the project by reducing General Fund appropriations available to the Behavioral Health Operations program for FY 2013-14.

Personal Service Limitation Increases – The Department requested Personal Service Limitation (PSL) adjustments for the Lincoln Regional Center of \$408,000 for FY 2013-14 and \$871,600 for FY 2014-15, and \$586,843 for FY 2013-14 and \$775,079 for FY 2014-15 for the Norfolk Sex Offender Treatment unit. The increased PSL would be financed within current General, cash, and federal fund FY 2013-14 and FY 2014-15 appropriations for the two facilities. The additional PSL is requested to enhance select medical staff pay lines and to fill vacant positions at the Norfolk facility.

The Governor's recommendation includes PSL increases of \$48,558 for FY 2013-14 and \$105,139 for FY 2014-15 for the Norfolk facility to address the most pressing PSL issues at the facility.

State Disabled-Medical Program and Public Assistance Program Base Reduction – The State Disabled-Medical Program provides assistance to eligible disabled persons where the disability is

expected to last longer than six months but less than twelve months. A change in interpretation of Medicaid eligibility rules has resulted in a change of the budget program responsible for payment of program benefits for some individual cases, as well as a loss of federal Medicaid match available for benefits. The Department requested that \$1,357,800 General Funds for FY 2013-14 and \$1,401,900 General Funds for FY 2014-15 be moved from the Medicaid program to the Public Assistance program. The agency also requested a reduction of federal fund appropriation in the amounts of \$1,642,200 for FY 2013-14 and \$1,598,100 for FY 2014-15 for the Medicaid program to account for the loss of federal Medicaid matching funds. For FY 2013-14 the agency requests that the reduced federal Medicaid match be replaced with \$900,000 available General Fund appropriation within the Public Assistance program, along with an additional appropriation of \$742,200 General Funds for Public Assistance. For FY 2014-15 the agency requests that \$1,500,000 General Funds currently appropriated to Public Assistance be reallocated to the State Disabled-Medical program, along with an increased General Fund appropriation of \$98,100 to the Public Assistance program.

The Governor's recommendation includes the requested changes to the State Disabled-Medical Program as requested by the agency.

Cash Transfer to Support Vital Records Program – The Vital Records program is not generating sufficient fee revenue to cover the operating costs of the program or to cover increased costs associated with making changes to the program to meet federal vital records security standards. The Department requested that \$600,000 for FY 2013-14 and \$600,000 for FY 2014-15 be transferred from the Health and Human Services False Medicaid Claims Act Cash Fund to the Vital Statistics Cash Fund to supplement financing of the vital records program.

The Governor's recommendation does not include the transfer of cash funds to supplement the vital records program, but the recommendation does allow for continued General Fund subsidization of the program.

Behavioral Health Data System – The Department requested \$3,000,000 General Funds, \$1,530,000 for FY 2013-14 and \$1,470,000 for FY 2014-15, to acquire a centralized behavioral health data system. HHS currently contracts with a vendor to assist in compiling the statutorily required behavioral health system information. The contract with the current vendor expires on June 30, 2014. The Division of Behavioral Health is in the process of requesting vendor proposals for the compilation and production of behavioral health system data and reporting, but the results of the request for proposals were not available at the time budget recommendations were being finalized.

Since the associated costs of acquiring a new system versus continuation of a contractual arrangement to compile system data were not known, the Governor's recommendation does not include the requested funding for the purchase of a behavioral health data system.

Medicaid Prescription Drug Act Administration Base Reduction – The Governor's recommendation includes an \$800,000 General Fund and an \$800,000 federal fund reduction in both FY 2013-14 and FY 2014-15 for the Medicaid Prescription Drug Act Administration program based on year-to-date analysis of program funding requirements.

HHS False Medicaid Claims Act Cash Fund Transfer to General Fund – The Governor's recommendation includes the transfer of \$6,800,000 from the Health and Human Services False Medicaid Claims Act Cash Fund to the General Fund in July 2014 for FY 2014-15.

Historical Society, State

Archeology Office and Lab Space – The Nebraska State Historical Society requested a General Fund appropriation of \$84,798 for FY 2014-15 to fund the lease costs for additional space to house the Nebraska Archaeology Program.

The Governor's recommendation does not include this request, noting that the expansion of the archaeology program is primarily due to the increased needs of Federal Highway Administration (FHA) and Nebraska Department of Roads (NDoR), which in turn already pay the Historical Society for its archaeological services. The Historical Society should not seek an increase to its base General Fund budget, but is instead encouraged to operate the program within the resources generated from work authorized and performed for FHA and NDoR.

Archeological Storage – The agency requested a General Fund appropriation of \$209,994 for FY 2013-14 to purchase a compacting storage system to store archaeology collections.

The Governor's recommendation does not include this request for General Fund appropriation to fund new initiatives, which should be considered during the formulation of the biennial budget.

Utility Costs – The agency requested a General Fund appropriation of \$10,560 for FY 2013-14 and \$18,715 for FY 2014-15 to fund unanticipated utility rate increases experienced since the 2013-2015 biennial budget was finalized.

The Governor's recommendation includes the requested funding.

Postsecondary Education, Coordinating Commission for

Executive Director Search – The Commission requested a \$54,513 General Fund appropriation and \$1,417 Personal Service Limitation (PSL) in FY 2013-14 and a \$23,237 General Fund appropriation and \$17,000 PSL in FY 2014-15 to conduct a search for a new Executive Director and raise the Executive Director's salary by \$17,000.

The Governor's recommendation does not include the requested appropriations. The Commission should recognize and use the vacancy savings resulting from the departure of the Executive Director and other vacated positions. The Commission should use more efficient methods to address transitions in leadership positions. With the Executive Director salary currently at \$169,000, a \$17,000 salary increase is not justified or necessary.

Leave Payout Upon Retirements – The Commission requested \$48,067 General Fund appropriation and PSL in FY 2013-14 for the leave payment upon the planned retirement of the Chief Finance and Administrative Officer, currently serving as interim Executive Director.

The Governor's recommendation does not include this request for additional appropriations and PSL. Vacancy savings from the departure of the Executive Director is sufficient to fund the retirement payout. The cost of this leave payout was unnecessarily increased due to the 48% short term pay increase awarded to the interim Executive Director.

Community College Specialist – The Commission requested a General Fund appropriation of \$13,044 and PSL of \$10,000 for FY 2013-14 and a General Fund appropriation of \$90,713, and PSL of \$60,000 for FY 2014-15 to hire a full-time employee to accomplish new duties assigned the Commission by the Legislature during recent legislative sessions.

The Governor's recommendation does not include the requested General Fund appropriations and PSL authority. The fiscal impact of duties assigned by the Legislature were analyzed prior to bill passage and funded accordingly.

State Colleges, Nebraska

Contract Website – The Nebraska State College System requested a \$164,990 General Fund appropriation in FY 2013-14 and a \$156,990 General Fund appropriation in FY 2014-15. Additional Personal Service Limitation (PSL) of \$78,750 was requested in both FY 2013-14 and FY 2014-15. Laws 2013, LB 429 requires publication of contracts on a public website by July 1, 2014. The request is for staffing and software to meet the requirements of LB 429.

The Governor's recommendation does not include this requested appropriations and PSL. The 2013 legislative process produced LB 429A providing the appropriations needed to implement the provisions of LB 429.

Public Finance

Administrative Services

Information Management Services (IMS) Spending Authority – The Office of the Chief Information Officer has requested an increase in revolving fund appropriation of \$11 million in FY 2013-14 and \$14 million in FY 2014-15 for the IMS Division. This division provides support for internal and external information technology (IT) development and support for IT projects across state agencies. The budget for the division is structured to provide a reserve of spending authority. However, an unanticipated increase in Electronic Content Management (ECM) projects, an increase in demand for IT professionals to complete various projects, and the handling of pass-through billings for IT professional services has depleted the spending authority reserves of the division and created a situation where the division’s ability to provide the requested services would be limited.

The Governor’s recommendations include \$6,000,000 for FY 2013-14 and \$6,500,000 for FY 2014-15 in revolving fund appropriations to meet the projected needs of the IMS Division.

Indemnification Claims – The agency requested an increase of \$100,000 cash funds for FY 2013-14 and FY 2014-15 to pay for litigation expenditures on behalf of non-General Fund agencies.

State Statute 81-8,239.03 provides for the payment from non-General Fund agency’s funds for litigation expenditures through the Indemnification Program and that the Risk Manager may assess a non-General Fund agency for these expenditures. However, the Indemnification Program has no appropriation authority to utilize amounts assessed.

The Governor’s recommendations include \$350,000 revolving funds for FY 2013-14 and \$150,000 revolving funds for FY 2014-15 for amounts assessed to non-General Fund agencies for legal expenditures paid on their behalf.

Public Employee’s Retirement Systems, Nebraska

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 monthly 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 232% 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 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%. The employee contribution rate is 9.78%. The school district matches 101% of the employee contribution. The State provides an additional contribution of 2% of salary.

Defined Benefit Plans Estimated Unfunded Liability – The Retirement System’s consulting actuary has estimated an additional contribution is required for the Judges Plan and a reduction of the estimated additional contribution for the State Patrol Plan.

The additional contribution for FY 2014-15 for the Judges Plan was determined to be \$803,383. The General Fund appropriation enacted in LB 195 (2013) for FY 2014-15 for the Judges Plan is \$94,000. Therefore, an additional General Fund appropriation of \$709,383 for FY 2014-15 is included in the recommendation.

The additional contribution for FY 2014-15 for the State Patrol Plan was determined to be \$4,652,774. The General Fund appropriation enacted in LB 195 for FY 2014-15 State Patrol Plan is \$4,704,580. Therefore, a reduction of General Fund appropriation of \$51,806 is included in the Governor's recommendation.

School Employee's Retirement Plan Match – Using the information provided in the consulting actuary 2013 valuation reports, the Governor's recommendation includes a General Fund base increase of \$278,477 in FY 2014-15 to finance the State's 2% of salary match under the State School Employees Retirement plan and the Class V School Employees Retirement plan as well as the cost of the Class V service annuity.

Revenue, Department of

Homestead Exemption Program – The Department of Revenue has indicated that the homestead exemption tax loss experienced by local political subdivisions to be reimbursed by the State is \$6,500,000 less than currently appropriated for FY 2013-14 and is now estimated to be \$6,000,000 less than was previously appropriated for FY 2014-15.

The Governor's recommendation includes a \$6,500,000 General Fund reduction in FY 2013-14 to reflect the actual tax loss certifications received from county treasurers. The Governor also recommends reducing the FY 2014-15 appropriation by \$6,000,000 to reflect the revised estimate caused by the lower than anticipated tax loss in the prior year.

Tax Commissioner Salary Program – The Department has requested that the Personal Service Limitation (PSL) for the Tax Commissioner Salary budget program be increased \$16,500 in FY 2013-14 to allow for the unanticipated one-time payment of unpaid accrued vacation leave to the former Tax Commissioner.

The Governor recommends increasing the FY 2013-14 PSL in the Tax Commissioner Salary program consistent with the agency request.

Problem Gambling, Commission on

The Commission on Problem Gambling has requested increased appropriation and Personal Service Limitation (PSL) for a number of various issues, including for staff salary increases, for expanded programs and development of a new data collection system.

Executive Director and Support Staff Salary Increases – First, the Commission requested \$11,515 cash funds and \$10,000 PSL in FY 2013-14 and \$11,774 cash funds and \$10,225 PSL in FY 2014-15 to increase the salary for the Executive Director position created and funded by the Legislature in 2013.

Second, the Commission also requested \$10,198 cash funds and \$8,855 PSL in FY 2013-14 and \$10,428 cash funds and \$9,055 PSL in FY 2014-15 to provide for classification of its administrative support employee as an Administrative Assistant II rather than the Staff Assistant I that was funded by the Legislature during the 2013 session.

The Governor's recommendation does not include the Commission's request for funding to increase the salary of the Executive Director position or for the increased funding to reclassify the support staff position as an Administrative Assistant II. The Legislature just completed considering the appropriate level of funding for staffing when the Commission was created and funded during the 2013 legislative session. The current classifications and compensation as determined by the Legislature appear reasonable and should not need to be reevaluated less than a year following the Commission's formation.

Service Contracts and Data Collection System – The Commission requested \$239,784 cash funds in each of FY 2013-14 and FY 2014-15 for an increase in the number of service contracts.

The Commission on Problem Gambling also requested \$100,000 cash funds in FY 2013-14 to create a data collection system to gather demographic and service utilization data for the Gamblers Assistance program.

The Governor's recommendation does not include the increased appropriation for the expanded service contracts or for a data collection system. Once again, the Legislature created the Commission during the 2013 legislative session and decided at that time the appropriation amount appropriate for the current biennium. Further, as of December 31, 2013, which is half way into the fiscal year, the Commission had expended only 38% of the amount budgeted for service contracts. The Commission is encouraged to prioritize within the current level of appropriation set by the Legislature.

Treasurer, State

Interstate Water Litigation – As a result of the November 2013 special master recommendation to the U.S. Supreme Court regarding the State of Kansas versus State of Nebraska Republican River Compact litigation, the Governor's recommendation includes a cash fund appropriation in FY 2013-14 to a designated, separate program in the State Treasurer's Office.

The Governor's recommendation includes a transfer of up to \$5,500,000 from the Cash Reserve Fund to the Republican River Compact Litigation Contingency Cash Fund to fund a potential court order pursuant to the Kansas v. Nebraska Republican River Compact litigation.

Public Safety

Attorney General

Interstate Water Litigation – The Attorney General's Office continues an ongoing defense against allegations by the State of Kansas of non-compliance by Nebraska 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 intrastate and interstate travel expense. In FY 2011-12, \$2,000,000 General Funds were appropriated to the Attorney General for Interstate Water Litigation. In FY 2012-13, an additional \$350,000 General Funds were appropriated. The Attorney General is now preparing to present arguments to the Supreme Court of the United States relative to the recommendations of the Special Master. The Attorney General has submitted a deficit request for FY 2013-14 for an additional \$600,000 for this litigation.

The Governor's recommendations include an additional \$300,000 General Fund appropriation in FY 2013-14 to continue the defense against Kansas' claims.

Correctional Services, Department of

Adult Operations – Costs for inmate medical services, food, and other per diem expenses continue to outpace inflation and original estimates. The agency submitted a deficit request which included General Fund increases for admissions and medical services of \$4,266,893 in FY 2013-14 and of \$4,693,582 in FY 2014-15; increases for food and inmate per diem costs of \$1,051,038 in FY 2013-14 and of \$1,156,142 in FY 2014-15; and, \$1,500,000 in FY 2014-15 for infrastructure repair and maintenance costs to address emergent needs the Task Force for Building Renewal is unable to finance.

The Governor's recommendations include the following:

- Increase in General Funds for inmate medical care costs of \$3,200,000 in FY 2013-14 and of \$3,400,000 in FY 2014-15;
- Increase in General Funds for food and inmate per diem expenses of \$950,000 in FY 2013-14 and of \$1,050,000 in FY 2014-15; and,
- An appropriation from the Nebraska Capital Construction Fund (NCCF) of \$1,500,000 in FY 2014-15 to a separate capital construction budget program to provide funding for high-priority infrastructure maintenance and repair projects.

Inmate Capacity Issues – Despite a significant increase in the number of parolees in the past two years, the Nebraska Department of Correctional Services (NDCS) has experienced a marked increase in the overall inmate population at the various correctional facilities in the state which is creating capacity issues. From a long-range perspective, the legislature provided funding in FY 2013-14 and FY 2014-15 for the NDCS to develop a comprehensive Strategic Capital Facilities Master Plan (SCFMP) regarding inmate projections and capacity needs and facility options. This study will be completed in the summer of 2014.

Pending the completion of the SCFMP, the Governor's recommendations include the following to address immediate short-term capacity needs:

Maximize Existing Facility Bed Space – The NDCS currently contracts with the U.S. Marshal Service to house certain federal inmates in Nebraska prison facilities. Currently, Nebraska houses approximately 20 such inmates. The Governor recommends returning these inmates to federal custody to reclaim these beds. Because the cost for these inmates is currently covered with federal funding, this action would require an increase in General Fund appropriation of \$127,020 in FY 2013-14 for two months of activity, and an increase of \$762,122 in FY 2014-15 for a full year.

Increase Available McCook Work Ethic Camp (WEC) Beds – Currently, NDCS houses 144 inmates and four probationers at WEC, but can increase the capacity to a total of 200. The Governor recommends using 40 beds of this expanded capacity to house additional inmates, leaving another 12 for potential increase in probationers. Increasing the WEC capacity and inmate count would require three additional staff, at a cost of \$30,348 General Funds, including \$19,284 Personal Service Limitation (PSL), in FY 2013-14 (two months) and of \$150,410 General Funds, including \$115,700 PSL, for all of FY 2014-15 (full year).

Manage Facility Capacity Issues – A number of county jail facilities in the state, which meet federal and state regulation standards, have excess capacity (available empty beds). In order to temporarily ease current NDCS capacity issues, the Governor recommends NDCS contract with applicable counties to house up to 150 Nebraska inmates in county jails. The net cost to NDCS to house 150 inmates at the county level is estimated to require additional General Fund appropriations of \$723,604 in FY 2013-14 (two months) and \$4,226,625 in FY 2014-15 (full year).

Increased NDCS Security and Operations Staffing – While the inmate population at NDCS has increased by over 18% since FY 2004-05, the agency FTE count has only increased by 6% for that same period. To continue to provide for safe and secure prisons, the Governor recommends increasing security and inmate-contact operations staffing by up to 59 additional FTE's, which would require additional General Fund appropriations to NDCS of \$528,652, including \$329,486 PSL, in FY 2013-14 (2 months) and \$2,569,992, including \$1,976,917 PSL, in FY 2014-15 (full year).

Total increase in General Funds for all items noted above related to short-term inmate capacity issues would be \$1,409,625, including \$348,770 PSL, in FY 2013-14 and \$7,709,149, including \$2,092,617 PSL, in FY 2014-15.

Law Enforcement and Criminal Justice, Nebraska Commission on

Crime Victims Reparations Cash Fund Appropriation – The Crime Victim's Reparations Cash Fund receives funding from portions of court fees and from portions of work release wages from inmates at the Nebraska Department of Correctional Services. The Crime Victim's Reparations (CVR) program at the Crime Commission has cash fund appropriations of \$194,000 for both FY 2013-14 and FY 2014-15. The Crime Commission is attempting to address a backlog of CVR claims. They have sufficient cash funds on hand, but have requested an additional \$100,000 in cash appropriation in FY 2013-14 to help clear these claims. The additional cash fund spending would also leverage additional future matching federal funds.

The Governor's recommendations include increasing the CVR program cash fund appropriation in FY 2013-14 by \$100,000.

County Juvenile Services Aid Program Earmarking – Laws 2013, LB 561 requires the Crime Commission to contract for the development and administration of a statewide system to monitor and evaluate the effectiveness of programs receiving funds from the Commission Grant Program and the Community-Based Juvenile Services Aid Program. The Crime Commission requests an adjustment to the General Fund aid earmark language in Program 155 – County Juvenile Services Aid in FY 2014-15, to shift \$50,000 from aid to operations, to allow for the funding of a contract for the development of this juvenile data case management system.

The Governor's recommendation includes the reallocation of General Funds to the operating budget as requested by the agency.

Personal Service Limitation Issue – The Crime Commission has requested additional Personal Service Limitation (PSL) in the amount of \$11,177 in FY 2013-14 to provide for the payout of vacation and sick leave for a retiring employee.

The Governor's recommendations do not include this PSL increase. Historical PSL spending suggests the agency has underspent PSL in the applicable program for the last several years in amounts sufficient to accommodate this request.

State Patrol, Nebraska

Medical Costs – In 2010, the Nebraska State Patrol was involved in the pursuit and apprehension of an individual, which resulted in injuries to the suspect. The injured person is uninsured and in August 2013 the State Patrol received a request for payment for the costs incurred by the medical provider. Nebraska Revised Statutes, §47-703 identifies that: "In the case of medical services necessitated by injuries or wounds suffered during the course of apprehension or arrest, the appropriate governmental agency chargeable for the costs of medical services shall be the apprehending or arresting agency..." The State Patrol has submitted a deficit request for \$203,889 General Funds in FY 2013-14 to cover the cost of these medical bills.

The Governor's recommendations include a General Fund appropriation increase of \$100,000 in FY 2013-14 to help cover these costs. The State Patrol will use other operating cost savings to make up the difference.

Supreme Court, Nebraska

Probation Officer Reclassification – In its 2013-2015 biennial budget request, the Supreme Court included a request for \$277,131 General Funds, including \$240,676 Personal Service Limitation (PSL), in FY 2013-14 and \$284,066 General Funds, including \$246,693 PSL, in FY 2014-15 to reclassify and increase pay for Probation Officers who supervise high-risk probationers. The biennial budget, as passed by the Legislature and signed by the Governor, did not include the funding for the reclassifications or special pay increases. The Supreme Court submitted a similar request for Probation Officer reclassifications for high-risk probationers again as a deficit request. The total request amounts are \$276,462 General Funds, including \$240,089 PSL, in FY 2013-14 and \$282,683 General Funds, including \$245,490 PSL, in FY 2014-15. The amounts are allocated among programs for probation, specialized court operations, and community corrections.

A considerable increase in new funding has already been provided to the Supreme Court for probation and community corrections in the current biennium. The Governor's 2014 recommendations do not include funding for additional increases in employee compensation.

Judges' Retirement Contributions – Contributions to the Judges Retirement Plan are made by the active members and by court fees paid by users of the court system. The Governor's recommendations for the Nebraska Public Employees Retirement System include providing an additional General Fund appropriation of \$709,383 in FY 2014-15 to the Judges Retirement Plan in order to cover the actuarially estimated increase for that plan. In each of the past three fiscal years, the actual General Fund expenditures for the Court Operations budget program have been less than the appropriated General Funds for that program by between \$2 million and \$2.9 million. Based on the actual FY 2013-14 General Fund spending pattern in this program through December 31, 2013, the program is again estimated to be underspent by approximately \$2.5 million by June 30, 2014.

As an offset to the increase in the State's contribution to the Judges Retirement Plan, the Governor recommends reducing the excess General Fund appropriation to the Court Operations budget program by \$709,383 in FY 2014-15.

Summary of Mid-Biennium Budget Adjustments

2014 Mid-Biennium Budget Requests and Governor's Recommendations

Ag. #	Agency	Program	Issue	Type	Fund	FY2013-14 Request	FY2014-15 Request	FY2013-14 Governor	FY2014-15 Governor
005	Supreme Court	Court Operations	Reduce to fund Judges Retirement Plan increase	Operations	General	N/A	N/A	0	(709,383)
005	Supreme Court	Statewide Probation	Probation Officer Reclassification	Operations	General	254,431	260,156	0	0
005	Supreme Court	Statewide Probation	Probation Officer Reclassification	Salary Limit	PSL	220,956	225,927	0	0
005	Supreme Court	Specialized Court Operations	Probation Officer Reclassification	Operations	General	18,691	19,112	0	0
005	Supreme Court	Specialized Court Operations	Probation Officer Reclassification	Salary Limit	PSL	16,232	16,597	0	0
005	Supreme Court	Community Corrections	Probation Officer Reclassification	Operations	General	3,340	3,415	0	0
005	Supreme Court	Community Corrections	Probation Officer Reclassification	Salary Limit	PSL	2,901	2,966	0	0
010	State Auditor	State Agency & County Post Audits	Restore Appropriations	Operations	General	176,669	176,669	0	0
010	State Auditor	State Agency & County Post Audits	Restore Appropriations	Salary Limit	PSL	20,000	20,000	0	0
011	Attorney General	Interstate Water Litigation	Water Litigation costs	Operations	General	600,000	0	300,000	0
012	State Treasurer	Republican River Compact Contingency	Create Republican River Compact Litigation Contingency Fund	Transfer	Cash	N/A	N/A	Yes	0
012	State Treasurer	Republican River Compact Contingency	Authorize \$5.5 million transfer from CRF for Compact judgment	Transfer	CRF	N/A	N/A	Yes	0
012	State Treasurer	Republican River Compact Contingency	Republican River Compact litigation judgment	Operations	Cash	N/A	N/A	5,500,000	0
013	Education	Education Administration	Assessment Earmark Correction	Operations	General	Yes	Yes	Yes	Yes
013	Education	Education Administration	College Ready Language Arts Standards	Operations	General	25,000	0	0	0
013	Education	Education Administration	College Ready Math Standards	Operations	General	25,000	0	0	0
013	Education	Education Administration	Replace lost Federal Funding of Administrative Assistant	Operations	General	24,000	24,000	0	0
013	Education	Education Administration	Replace lost Federal Funding of Administrative Assistant	Salary Limit	PSL	16,271	16,271	0	0
013	Education	Education Administration	Replace lost Federal Funding of Program Specialist	Operations	General	44,000	44,000	0	0
013	Education	Education Administration	Replace lost Federal Funding of Program Specialist	Salary Limit	PSL	37,861	37,861	0	0
013	Education	Education Administration	Early Childhood Environment Rating Scales In-Depth	Operations	General	86,108	88,691	0	0
013	Education	Education Administration	Early Childhood Technical Assistance	Operations	General	95,798	95,798	0	0
013	Education	Education Administration	Education Specialist III for LEP/Poverty Plans	Operations	General	93,532	93,532	0	0
013	Education	Education Administration	Education Specialist III for LEP/Poverty Plans	Salary Limit	PSL	53,837	55,048	0	0
013	Education	Education Administration	Educator Effectiveness Administrator	Operations	General	150,000	150,000	0	0
013	Education	Education Administration	Educator Effectiveness Administrator	Salary Limit	PSL	78,048	79,800	0	0
013	Education	Education Administration	E-Scholar License Renewal	Operations	General	166,554	166,554	0	0
013	Education	Education Administration	IT Application Developer Position	Operations	General	0	107,499	0	0
013	Education	Education Administration	IT Application Developer Position	Salary Limit	PSL	0	55,047	0	0
013	Education	Education Administration	Lead Teacher Cap Bldg in Math and Language Arts	Operations	General	13,000	0	0	0
013	Education	Education Administration	Network, Education and Technology Intern	Operations	General	4,000	4,000	0	0
013	Education	Education Administration	School Safety Education Specialist	Operations	General	93,532	93,532	0	0
013	Education	Education Administration	School Safety Education Specialist	Salary Limit	PSL	53,837	55,048	0	0
013	Education	Education Administration	Teacher of the Year Program Funding	Operations	General	15,000	15,000	0	0
013	Education	Education Aid	Early Childhood Technical Assistance	Aid	General	(95,798)	(95,798)	0	0
013	Education	Education Aid	School Breakfast Program	Aid	General	93,853	0	93,853	0
013	Education	Education Aid	Supplant cash funds for Teacher of the Year Program funding	Aid	General	5,000	5,000	0	0
013	Education	Education Innovation	Additional Authority for Excellence in Teaching	Aid	Cash	400,000	400,000	400,000	400,000
013	Education	Professional Practices Comm.	Professional Practices Comm. Retirement Payout	Operations	Cash	38,000	0	38,000	0
013	Education	Professional Practices Comm.	Professional Practices Comm. Retirement Payout	Salary Limit	PSL	34,489	0	34,489	0
013	Education	Professional Practices Comm.	Professional Practices Commission Personal Service	Operations	Cash	1,381	0	1,381	0
013	Education	Professional Practices Comm.	Professional Practices Commission Personal Service	Salary Limit	PSL	1,381	0	1,381	0

2014 Mid-Biennium Budget Requests and Governor's Recommendations

Ag. #	Agency	Program	Program	Issue	Type	Fund	FY2013-14 Request	FY2014-15 Request	FY2013-14 Governor	FY2014-15 Governor
014	Public Service Comm.	Universal Service Fund	686	Addition of Administrative Assistant	Operations	Cash	13,605	50,964	0	0
014	Public Service Comm.	Universal Service Fund	686	Addition of Administrative Assistant	Salary Limit	PSL	7,515	32,273	0	0
016	Revenue	Salary-State Tax Commissioner	013	Program 013 PSL Increase - leave payout	Salary Limit	PSL	16,500	0	16,500	0
016	Revenue	Homestead Exemption	108	Adjust Homestead Exemption based on tax loss certifications	Aid	General	(6,500,000)	(6,000,000)	(6,500,000)	(6,000,000)
016-164	Comm. on Problem Gambling	Gamblers Assistance	164	New Data Collection System	Operations	Cash	100,000	0	0	0
016-164	Comm. on Problem Gambling	Gamblers Assistance	164	Direct Service to Disordered Gambling Providers	Aid	Cash	239,784	239,784	0	0
016-164	Comm. on Problem Gambling	Gamblers Assistance	164	Administrative assistant II reclassification	Operations	Cash	10,198	10,428	0	0
016-164	Comm. on Problem Gambling	Gamblers Assistance	164	Administrative assistant II reclassification	Salary Limit	PSL	8,855	9,055	0	0
016-164	Comm. on Problem Gambling	Gamblers Assistance	164	PSL increase for director position	Operations	Cash	11,515	11,774	0	0
016-164	Comm. on Problem Gambling	Gamblers Assistance	164	PSL increase for director position	Salary Limit	PSL	10,000	10,225	0	0
018	Agriculture	Agriculture Department	078	Eliminate duplicative climate study funding	Operations	General	N/A	N/A	(44,746)	0
019	Banking	Enf Of Stds-Securities	066	Indemnification Claims litigation expense assessment	Operations	Cash	N/A	N/A	200,000	0
025	Health and Human Services	Medicaid Prescription Drug Act	032	Program funding base adjustment	Operations	General	(800,000)	(800,000)	(800,000)	(800,000)
025	Health and Human Services	Medicaid Prescription Drug Act	032	Program funding base adjustment	Operations	Federal	0	0	(800,000)	(800,000)
025	Health and Human Services	Department Central Office	033	Behavioral Health Data System	Operations	General	1,530,000	1,470,000	0	0
025	Health and Human Services	Public Health Administration	033	Cash fund transfer (\$600,000) to support Vital Records	Transfer	Cash	Yes	Yes	No	No
025	Health and Human Services	Dev Disabilities Service Coord	033	FMAP Decrease	Operations	General	0	111,910	0	111,910
025	Health and Human Services	Dev Disabilities Service Coord	033	FMAP Decrease	Operations	Federal	0	(111,910)	0	(111,910)
025	Health and Human Services	ACA Contingency	046	Reduce ACA behavioral health contingency set aside (FMAP decre Aid	Aid	General	N/A	N/A	0	(10,000,000)
025	Health and Human Services	Children's Health Insurance	344	CHIP - ACA Section 2101F Population	Aid	General	440,134	1,665,075	440,134	1,665,075
025	Health and Human Services	Children's Health Insurance	344	CHIP - ACA Section 2101F Population	Aid	Federal	957,116	3,551,325	957,116	3,551,325
025	Health and Human Services	Children's Health Insurance	344	CHIP - MAGI Eligibility Rules Under ACA	Aid	General	1,369,305	2,775,125	1,369,305	2,775,125
025	Health and Human Services	Children's Health Insurance	344	CHIP - MAGI Eligibility Rules Under ACA	Aid	Federal	2,977,695	5,918,875	2,977,695	5,918,875
025	Health and Human Services	Children's Health Insurance	344	FMAP Decrease	Aid	General	0	694,600	0	694,600
025	Health and Human Services	Children's Health Insurance	344	FMAP Decrease	Aid	Federal	0	(694,600)	0	(694,600)
025	Health and Human Services	Public Assistance	347	FMAP Decrease	Aid	General	0	277,331	0	277,331
025	Health and Human Services	Public Assistance	347	FMAP Decrease	Aid	Federal	0	(277,331)	0	(277,331)
025	Health and Human Services	Public Assistance	347	State Disabled - Medical	Aid	General	2,100,000	3,000,000	2,100,000	3,000,000
025	Health and Human Services	Public Assistance	347	Program funding base adjustment	Aid	General	0	(1,500,000)	0	(1,500,000)
025	Health and Human Services	Medical Assistance	348	FMAP Decrease	Aid	General	0	13,358,062	0	13,358,062
025	Health and Human Services	Medical Assistance	348	FMAP Decrease	Aid	Federal	0	(13,358,062)	0	(13,358,062)
025	Health and Human Services	Medical Assistance	348	FMAP Decrease (DD Aid)	Aid	Federal	0	(1,951,856)	0	(1,951,856)
025	Health and Human Services	Medical Assistance	348	State Disabled - Medical	Aid	General	(1,357,800)	(1,401,900)	(1,357,800)	(1,401,900)
025	Health and Human Services	Medical Assistance	348	State Disabled - Medical	Aid	Federal	(1,642,200)	(1,598,100)	(1,642,200)	(1,598,100)
025	Health and Human Services	Medical Assistance	348	Medicare Part D clawback reduction	Aid	General	N/A	N/A	(2,800,000)	(4,800,000)
025	Health and Human Services	Medical Assistance	348	Program funding base adjustment	Aid	General	0	(4,622,744)	0	(4,622,744)
025	Health and Human Services	Medical Assistance	348	Program funding base adjustment	Aid	Federal	0	0	0	(5,269,710)
025	Health and Human Services	Medical Assistance	348	Transfer \$6.8 million from False Medicaid Claims Fund to GF	Transfer	General	N/A	N/A	0	Yes
025	Health and Human Services	Medical Assistance	348	FMAP Decrease	Aid	General	0	285,939	0	285,939
025	Health and Human Services	Medical Assistance	348	FMAP Decrease	Aid	Federal	0	(285,939)	0	(285,939)
025	Health and Human Services	Child Welfare Aid	354	FMAP Decrease	Operations	General	0	51,494	0	51,494
025	Health and Human Services	Child Welfare Aid	354	FMAP Decrease	Operations	Federal	0	(51,494)	0	(51,494)
025	Health and Human Services	Regional Centers/Mental Health	365	FMAP Decrease	Operations	Federal	0	(51,494)	0	(51,494)

2014 Mid-Biennium Budget Requests and Governor's Recommendations

Ag. #	Agency	Prog#	Program	Issue	Type	Fund	FY2013-14 Request	FY2014-15 Request	FY2013-14 Governor	FY2014-15 Governor
025	Health and Human Services	365	Regional Centers/Mental Health	Reallocate for Lincoln Regional Center kitchen replacement	Operations	General	(1,234,444)	0	(1,234,444)	0
025	Health and Human Services	365	Regional Centers/Mental Health	Lincoln Regional Center PSL Increase	Salary Limit	PSL	408,000	871,600	0	0
025	Health and Human Services	421	Beatrice State Dev Ctr	FMAP Decrease	Operations	General	0	188,133	0	188,133
025	Health and Human Services	421	Beatrice State Dev Ctr	FMAP Decrease	Operations	Federal	0	(188,133)	0	(188,133)
025	Health and Human Services	424	Developmental Disabilities Aid	FMAP Decrease	Aid	General	0	1,951,856	0	1,951,856
025	Health and Human Services	870	Norfolk Sex Offender Treatment	PSL Increase	Salary Limit	PSL	586,843	775,079	48,558	105,139
025	Health and Human Services	942	LRC Kitchen Replacement	Lincoln Regional Center kitchen replacement project	Construction	General	350,000	884,444	350,000	884,444
029	Natural Resources	334	Soil And Water Conservation	Repeal the obsolete Water Contingency Cash Fund	Transfer	Cash	N/A	N/A	Yes	0
033	Game & Parks Comm.	162	Environmental Trust	Environmental Trust Grant Funding Increase	Aid	Cash	4,250,000	2,000,000	3,500,000	1,000,000
041	Real Estate Comm.	077	Enf Of Stds-Real Estate	Educational Services Expense	Operations	Cash	10,000	10,000	0	0
041	Real Estate Comm.	077	Enf Of Stds-Real Estate	Retirement of Deputy Director for Enforcement	Operations	Cash	28,562	0	28,562	0
041	Real Estate Comm.	077	Enf Of Stds-Real Estate	Retirement of Deputy Director for Enforcement	Salary Limit	PSL	24,806	0	24,806	0
046	Corrections	200	Adult Operations	Inmate Medical Expenses	Operations	General	4,266,893	4,693,582	3,200,000	3,400,000
046	Corrections	200	Adult Operations	Inmate Per Diem Expenses	Operations	General	1,051,038	1,156,142	950,000	1,050,000
046	Corrections	200	Adult Operations	Correctional Services inmate capacity management	Operations	General	N/A	N/A	1,409,625	7,709,149
046	Corrections	200	Adult Operations	Correctional Services inmate capacity management	Salary Limit	PSL	N/A	N/A	348,770	2,092,617
046	Corrections	200	Adult Operations	Emergent infrastructure and maintenance needs	Construction	General	0	1,500,000	0	0
046	Corrections	914	Infrastructure and Maintenance	Emergent infrastructure and maintenance needs	Construction	NCCF	N/A	N/A	0	1,500,000
047	Educational Telecommunications	922	Final DTV Conversion	Project completed, remove program reappropriation (\$130,624)	Reapprop	Cash	N/A	N/A	Yes	0
047	Educational Telecommunications	922	Final DTV Conversion	Project completed, remove program reappropriation (\$132,283)	Reapprop	Federal	N/A	N/A	Yes	0
047	Educational Telecommunications	925	Beatrice Translator Tower Replace.	Project completed, remove program reappropriation (\$21,392)	Reapprop	General	N/A	N/A	Yes	0
047	Educational Telecommunications	925	Beatrice Translator Tower Replace.	Project completed, remove program reappropriation (\$11,862)	Reapprop	Federal	N/A	N/A	Yes	0
047	Educational Telecommunications	928	Radio Transmission Replacement	Radio Transmission replacement project	Construction	General	140,000	140,000	140,000	140,000
048	Postsecondary Educ. Coord. Comm	640	Postsecondary Education	Community College Specialist	Operations	General	13,044	90,713	0	0
048	Postsecondary Educ. Coord. Comm	640	Postsecondary Education	Community College Specialist	Salary Limit	PSL	10,000	60,000	0	0
048	Postsecondary Educ. Coord. Comm	640	Postsecondary Education	Executive Director search	Operations	General	54,513	23,237	0	0
048	Postsecondary Educ. Coord. Comm	640	Postsecondary Education	Executive Director search	Salary Limit	PSL	1,417	17,000	0	0
048	Postsecondary Educ. Coord. Comm	640	Postsecondary Education	Leave payment upon retirement	Operations	General	48,067	0	0	0
048	Postsecondary Educ. Coord. Comm	640	Postsecondary Education	Leave payment upon retirement	Salary Limit	PSL	48,067	0	0	0
050	State Colleges	048	State College System	Contract Reporting Requirements	Operations	General	164,990	156,990	0	0
050	State Colleges	048	State College System	Contract Reporting Requirements	Salary Limit	PSL	78,750	78,750	0	0
054	Historical Society	648	Historical Society	Utilities	Operations	General	10,560	18,715	10,560	18,715
054	Historical Society	648	Historical Society	Archeology Office And Lab Space	Operations	General	0	84,798	0	0
054	Historical Society	648	Historical Society	Storage Efficiency For Archeological Collections	Operations	General	209,994	0	0	0
058	Engineers & Architects Bd.	082	Enf Of Stds-Eng & Architects	Executive Director Salary	Operations	Cash	0	28,401	0	28,401
058	Engineers & Architects Bd.	082	Enf Of Stds-Eng & Architects	Executive Director Salary	Salary Limit	PSL	0	18,516	0	18,516
058	Engineers & Architects Bd.	082	Enf Of Stds-Eng & Architects	Merchant Fees	Operations	Cash	7,800	10,000	0	0
064	State Patrol	100	Command & Support	Medical costs	Operations	General	203,889	0	100,000	0
065	Administrative Services	172	IMServices Division	IMS Increased Spending Authority	Operations	Revolving	11,000,000	14,000,000	6,000,000	6,500,000
065	Administrative Services	592	Indemnification Claims	Indemnification Cash Fund appropriation and process	Operations	Cash	100,000	100,000	0	0
065	Administrative Services	592	Indemnification Claims	Agency assessments appropriation authority	Operations	Revolving	N/A	N/A	350,000	150,000

2014 Mid-Biennium Budget Requests and Governor's Recommendations

Ag. #	Agency	Progr#	Program	Issue	Type	Fund	FY2013-14 Request	FY2014-15 Request	FY2013-14 Governor	FY2014-15 Governor
069	Arts Council	326	Promotion of the Arts	Hardware, Software and IT Services	Operations	General	0	12,210	0	12,210
069	Arts Council	326	Promotion of the Arts	Stipend for Review Panelists	Operations	General	6,000	10,800	0	0
078	Crime Commission	198	Central Administration	Increase Personal Services Limit for Program 198	Salary Limit	PSL	11,177	0	0	0
078	Crime Commission	155	County Juvenile Services Aid	Revise earmark funding for Program 155	Operations	General	0	50,000	0	50,000
078	Crime Commission	155	County Juvenile Services Aid	Revise earmark funding for Program 155	Aid	General	0	(50,000)	0	(50,000)
078	Crime Commission	202	Crime Victims Reparations	Crime Victim's Reparations Cash Fund	Aid	Cash	100,000	0	100,000	0
085	Retirement System	515	Public Employees Retirement	School Employees Retirement - annual actuarial evaluation	Aid	General	0	278,477	0	278,477
085	Retirement System	515	Public Employees Retirement	State Patrol Retirement - annual actuarial evaluation	Aid	General	0	(51,806)	0	(51,806)
085	Retirement System	515	Public Employees Retirement	Judges Retirement - annual actuarial evaluation	Aid	General	0	709,383	0	709,383
091	Tourism Commission	618	Tourism Promotion	Additional Staffing	Operations	Cash	46,230	295,485	0	0
091	Tourism Commission	618	Tourism Promotion	Additional Staffing	Salary Limit	PSL	28,121	182,764	0	0
Various	Capital Construction	Various	Capital Construction Programs	Technical correction, remove completed projects from reappropriation	Reappropriation	Reappropriation	N/A	N/A	Yes	0
New Appropriation Totals										
General							3,957,893	22,463,726	(2,273,513)	8,676,070
Cash							5,357,075	3,156,836	9,767,943	1,428,401
NCCF							0	0	0	1,500,000
Federal							2,292,611	(9,047,225)	1,492,611	(15,116,935)
Revolving							11,000,000	14,000,000	6,350,000	6,650,000
Total							22,607,579	30,573,337	15,337,041	3,137,536
PSL							1,775,864	2,619,827	474,504	2,216,272
Reappropriation										
General							0	0	(21,392)	0
Transfers										
General							0	0	0	6,800,000
Cash							0	0	5,500,000	(6,800,000)
CRF							0	0	(5,500,000)	0
Total							0	0	0	0

Appendix



Administrative Services – State Budget Division Staff Listing

Gerry A. Oligmueller, State Budget Administrator

Budget Analysts and Their Agency Assignments

Gary Bush – Administrative Services, Office of the Chief Information Officer, Capitol Commission, Department of Banking and Finance, Barber Examiners, Department of Economic Development, Abstracters Board of Examiners, Public Employees Retirement Board, Engineers & Architects, Geologists, Department of Insurance, Investment Council, Department of Labor, Land Surveyors, Landscape Architects, Liquor Control Commission, Public Accountancy, Public Service Commission, Real Estate Commission, Real Property Appraiser, Tourism Commission

Matthew Eash – Arts Council, Blind and Visually Impaired, Community Colleges, Deaf and Hard of Hearing, Department of Education, Educational Lands and Funds, Educational Telecommunications Commission, Nebraska Historical Society, Indian Commission, Library Commission, Mexican American Commission, TEEOSA K-12 School Aid

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

Robin Kilgore – New Analyst, January 2, 2014

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

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

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's Office, Department of Motor Vehicles, Motor Vehicle Licensing Board, Department of Roads, Secretary of State, Nebraska Wheat Board

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

Support Staff

Betty Hladky, Business Manager

