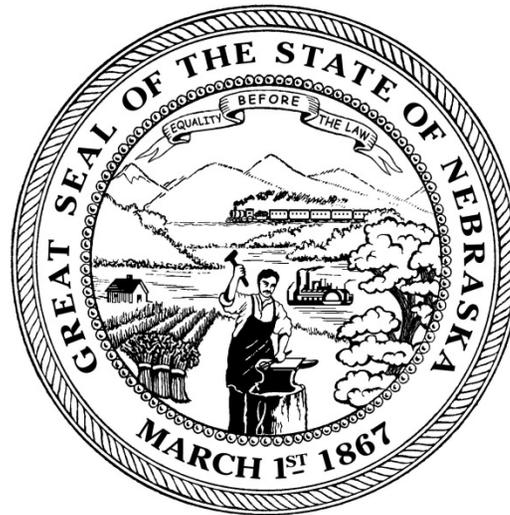


State of Nebraska



# Executive Budget 2015-2017 Biennium



Pete Ricketts  
Governor

January 22, 2015



# Objectives:

- Control spending
  - State revenues grow about 5% each year, in order to provide long-term tax relief we must keep spending growth below revenue growth.
  - In fact, spending has increased the last biennium by roughly 6.5% per year, exceeding the 5.4% growth of revenue during the same period.
- Property tax relief is the #1 issue
- Begin the process of driving cultural change and operational excellence in state agencies
- Begin addressing issues in Corrections & HHS
- Review of regulatory process
- Building on a Veteran/Military friendly culture
- Improve educational outcomes – career & vocational training

## A Nebraska conservative approach to budgeting

- Two year budget growth of 3.1%
- No tax increases
- Returns \$400 million to taxpayers over the biennium through the Property Tax Credit Relief Fund

## Priority One is Property Tax Relief

- Additional \$120.0 million in direct property tax relief over the biennium
- Nearly 43% increase of \$60.0 million each year
- Increases total direct property tax relief to \$200 million annually

## Reduce Agricultural Land Value Subject to Taxation

- Support phased reduction from 75% to 65% in agricultural land value subject to taxation
- Additional \$9.5 million in FY2016-17 for TEEOSA State Aid to schools
- Additional increases in TEEOSA State Aid to schools for FY2017-18 and FY2018-19

## Veterans & Military

- Support further exclusion of military retirement benefit income from income tax
- \$23.0 million for tax relief recognized in FY2016-17
- An additional \$240,000 in tuition reimbursement for National Guard bringing the total to \$1.2 million in tuition assistance over the biennium
- \$1.4 million to provide skilled nursing beds at the Western Nebraska Veterans Home

## Address State Obligations

- Court-ordered settlement of Republican River Compact litigation - Up to \$5.5 million in FY2014-15
- HHS federal Title IV-E disallowance - \$17.2 million in FY2014-15

## K-12 Education

- TEEOSA State Aid to schools estimate - \$961 million, 3% increase in FY2015-16 and \$976 million, 1.6% increase in FY2016-17
- Special Education aid - \$219.1 million in FY2015-16 and \$224.6 million in FY2016-17, a 2.5% annual increase
- Nebraska Developing Youth Talent Initiative to build a public/private partnership - \$250,000/year

## Higher Education

- University of Nebraska - \$559.1 million in FY2015-16 and \$575.9 million in FY2016-17, a 3.0% annual increase
- State Colleges - \$50.9 million in FY2015-16 and \$52.4 million in FY2016-17, a 3.0% annual increase
- Community Colleges - \$97.9 million in FY2015-16 and \$100.8 million in FY2016-17, a 3.0% annual increase

## Department of Health and Human Services

- Additional state appropriation for two percent reduction in federal Medicaid match rate - \$35.0 million in FY2015-16 and \$40.9 million in FY2016-17
- Reduced state appropriation for ACA Children's Health Insurance enhanced match rate - \$17.4 million reduction in FY2015-16 and \$23.7 million reduction in FY2016-17

## Department of Health and Human Services

- HHS Service Provider Rate Increases - \$20.1 million in FY2015-16 and \$40.4 million in FY2016-17, a 2.0% annual increase
- Projected Medicaid Utilization - \$21.4 million in FY2015-16 and \$44.2 million in FY2016-17
- Reappropriate FY2014-15 Medicaid and Children's Health Insurance Program balances

## Department of Corrections

- Additional current year funding - \$10.8 million to address security, inmate medical, and facility operation costs
- Additional 2015-2017 Biennium funding - \$19.9 million in FY2015-16 and \$25.7 million in FY2016-17 for additional security, inmate per diem and medical, facility operation costs, and county jail agreements
- Work with new Department of Corrections Director and Legislature on further improvements

## General Fund Financial Status

	Current	Next Biennium		Following Biennium	
	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
<b><u>Beginning Balance</u></b>					
Beginning Cash Balance	\$673,683,437	\$299,545,237	\$226,734,527	\$282,036,183	\$323,437,839
Cash Reserve Fund transfer-Automatic	(96,721,232)	(61,500,000)			
Net Reappropriations from FY2013-14	(303,875,124)				
Lapse FY2013-14 reappropriations	1,511,800				
Allocation for potential deficits		(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
Unobligated Beginning Balance	274,598,882	233,045,237	221,734,527	277,036,183	318,437,839
<b><u>Revenues</u></b>					
Net Receipts (Certified; Next-NEFAB; Following-LFO Hist.	4,282,000,000	4,418,000,000	4,622,000,000	4,797,000,000	4,955,000,000
General Fund transfers - out (current)	(188,350,000)				
General Fund transfers - in (current)	In Receipts				
Cash Reserve Fund transfers (current)	50,500,000				
General Fund transfers - out (2015 Session)		(153,050,000)	(153,050,000)	(152,300,000)	(152,300,000)
Property Tax Credit Fund transfer increase (2015 Session)		(60,000,000)	(60,000,000)	(60,000,000)	(60,000,000)
General Fund transfers - in (2015 Session)		44,300,000	39,150,000		
Cash Reserve Fund transfers (2015 Session)	17,201,112				
2015 Legislation - Additional Tax Relief			(23,000,000)	(20,000,000)	(20,000,000)
General Fund Net Revenues	4,161,351,112	4,249,250,000	4,425,100,000	4,564,700,000	4,722,700,000
<b><u>Appropriations</u></b>					
Actual Expend./Appropriations (FY15 Base - 2014 Session)	4,105,825,530	4,105,825,530	4,105,825,530	4,105,825,530	4,105,825,530
2015 Session Claims Bill	2,210,995				
2015 Deficit Recommendations	28,368,232				
Operations and State Aid Recommendations		149,789,824	253,671,258	253,671,258	253,671,258
Capital Construction Recommendations		(54,644)	(4,198,444)	(4,198,444)	(4,198,444)
2015 Legislation - Agricultural land value			9,500,000	19,000,000	30,000,000
Following Biennium				144,000,000	292,000,000
General Fund Appropriations	4,136,404,757	4,255,560,710	4,364,798,344	4,518,298,344	4,677,298,344
<b><u>Ending Balance</u></b>					
Dollar ending balance	299,545,237	226,734,527	282,036,183	323,437,839	363,839,495
Minimum Biennial Reserve Requirement			259,584,327		278,721,442
Variance from Minimum Reserve			22,451,856		85,118,053
Biennial Reserve (%)			3.3%		4.0%
Annual % Change - Appropriations (excl. deficits)	--	3.6%	2.6%	3.5%	3.5%
Two Year Average	--	--	3.1%	--	3.5%
Annual % Change - Net Receipts (Nominal)	--	4.2%	4.5%	2.9%	3.3%
Two Year Average	--	--	4.3%	--	3.1%
Structural Receipts v. Approps.		(6,310,710)	60,301,656	46,401,656	45,401,656

# Proposed General Fund and Cash Reserve Fund Transfers

## General Fund Transfers Out

Description	FY2015-16	FY2016-17
Transfer to Property Tax Credit Cash Fund	138,000,000	138,000,000
Transfer to Property Tax Credit Cash Fund - 2015 Session Increase	60,000,000	60,000,000
Transfer to Water Resources Cash Fund	3,300,000	3,300,000
Transfer to Water Sustainability Cash Fund	11,000,000	11,000,000
Transfer to Cultural Preservation Endowment	750,000	750,000
<b>Total</b>	<b>213,050,000</b>	<b>213,050,000</b>

## General Fund Transfers In

Description	FY2015-16	FY2016-17
Transfer from Convention Center Support Fund	150,000	0
Transfer from Tobacco Products Administration Cash Fund	13,000,000	10,000,000
Transfer from Securities Act Cash Fund	23,000,000	23,000,000
Transfer from Department of Insurance Cash Fund	6,000,000	6,000,000
Transfer from Charitable Gaming Operations Fund	2,000,000	0
Transfer from Severance Tax Administration Cash Fund	150,000	150,000
<b>Total</b>	<b>44,300,000</b>	<b>39,150,000</b>

## Cash Reserve Fund Transfers

Description	FY2014-15	FY2015-16	FY2016-17
Transfer to General Fund	17,201,112		
Transfer to Republican River Compact Litigation Cash Fund	5,500,000		

## Cash Reserve Fund Status

	Current	Next Biennium		Following Biennium	
	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
<b>Beginning Balance</b>	719,065,306	684,819,967	746,319,967	746,319,967	746,319,967
Transfer Amounts Above Forecasts	96,721,232	61,500,000			
To/From General Fund	(50,500,000)				
To State Patrol Cash Fund (correction)	(250,000)				
To NCCF for Central NE Veterans Home	(43,015,459)				
To NCCF for Capitol courtyard fountains and HVAC	(14,500,000)				
To General Fund (2015 Session)	(17,201,112)				
To Republican River Compact Litigation Fund (2015 Sess	(5,500,000)				
<b>Ending Balance</b>	684,819,967	746,319,967	746,319,967	746,319,967	746,319,967

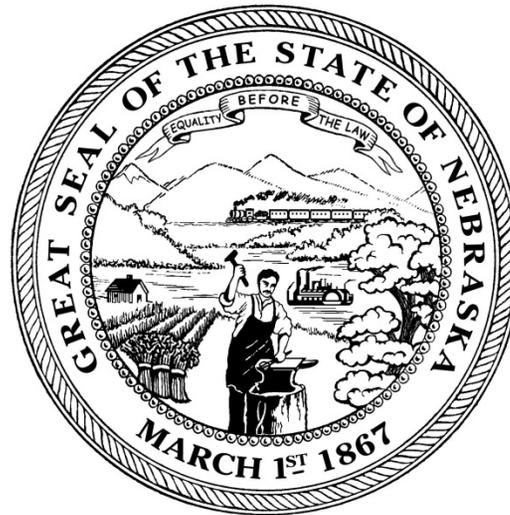
## Review

- Priority one is property tax relief
- Support for additional tax relief measures
- Restrain spending
- Address our obligations and properly fund state services
- Work with new Directors and Legislature on Corrections and Health and Human Services improvements

State of Nebraska



# Executive Budget 2015-2017 Biennium



Questions?

