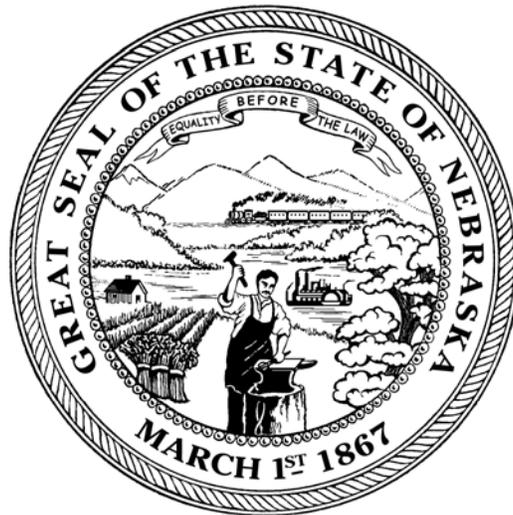


Mid-Biennium Budget Adjustments 2005-2007 Biennium



Dave Heineman

Dave Heineman
Governor

Presented January 12, 2006

Mid-Biennium Budget Adjustments

2005-2007 Biennium

Presented by
Nebraska Department of Administrative Services
Budget Division
Room 1320 State Capitol
Lincoln, Nebraska 68509
(402) 471-2526
www.budget.ne.gov

Presented January 12, 2006



Dave Heineman
Governor

STATE OF NEBRASKA

OFFICE OF THE GOVERNOR
P.O. Box 94848 • Lincoln, Nebraska 68509-4848
Phone: (402) 471-2244 • gov.heineman@gov.ne.gov

January 12, 2006

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

Dear Mr. President and Senators:

Today I am presenting my recommendations for tax cuts, tax relief, and specific mid-biennium adjustments to the 2005-2007 biennial budget for your consideration during the second session of the 99th Legislature.

The 2005 legislative session, the first session of the 99th Legislature, provided us the opportunity to address important financial imperatives, prepare a sound biennial budget, and make significant improvements in the tax climate together to increase the number and quality of jobs in Nebraska. Our collaborative efforts have strengthened the financial position of State government and assisted our business community in a manner that is improving Nebraska's economy. Because of this, Nebraska is moving forward in a positive direction.

Since the 2005-2007 biennial budget was established, the State has collected \$48.2 million in General Fund tax receipts greater than estimated for fiscal year 2004-05 and tax receipts forecasts for the current 2005-2007 biennium have been increased by \$261.4 million.

As it relates to the established State budget, I recommend that this legislative session be used to address technical or emergent issues that cannot be managed through additional priority setting and efficient management of existing appropriations. It is my firm belief that we should avoid using actual or forecasted excess tax receipts for additional spending.

Furthermore, it is my recommendation that during the 2006 legislative session we build on the economy strengthening efforts of the 2005 legislative session by providing Nebraskans more than \$421 million in tax cuts and tax-relief investments over the next three years. I propose reducing individual tax burdens in three areas by providing a reduction in state income taxes, eliminating the sales tax on construction and home repair labor and investing in property tax relief.

First, I am recommending nearly \$148 million in tax cuts over three years by rolling back income tax rates to levels set eight years ago, in 1997.

Second, I propose to provide over \$99 million in sales tax relief through fiscal year 2008-09 by eliminating the sales tax on construction and home improvement contract labor.

Mr. President, Mr. Speaker,
and Members of the Legislature
January 12, 2006
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Third, we should accelerate the property tax relief originally scheduled for FY2008-09 by lowering the property tax levy limit for public schools from \$1.05 to \$1.025 for FY2006-07; to \$1.00 for FY2007-08; and to \$1.00 along with elimination of the temporary school aid adjustment factor in FY2008-09 as provided for in current State law. This will require an additional \$27 million in State aid to schools for FY2006-07 and an estimated \$147 million in additional State aid to schools for the following biennium.

I urge you to join me in a concerted effort to make tax cuts and tax relief for Nebraskans the focus of this legislative session. I also ask that as you consider these recommendations, that you stand firm against the many requests to increase State spending.

State agencies, boards, and commissions submitted General Fund supplemental appropriation requests for the current biennium totaling \$85 million. My mid-biennium recommendations for budget adjustments for the 2005-2007 biennium include General Fund appropriation or reappropriation reductions of \$46.3 million and supplemental General Fund appropriations of \$39.3 million for a \$7.0 million current biennium net reduction in General Fund appropriations.

I look forward to continuing to work closely with you on matters of importance to Nebraskans during the coming months.

Sincerely,



Dave Heineman
Governor



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General Fund Financial Status

The General Fund Financial Status provides a summary of the State's financial condition including the impact of the Governor's 2005-2007 mid-biennium budget proposals. 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 2005-2007 biennium as adopted by the Economic Forecasting Advisory Board at its October 2005 meeting, and the projection for the two fiscal years of the 2007-2009 biennium as presented to the Tax Rate Review Committee in November of 2005 by the Legislative Fiscal Office.

The Governor's mid-biennium recommendations propose certain transfers and legislation which are reflected in the revenue portion of the General Fund Financial Status.

- The Governor is proposing to roll back income tax rates effective January 1, 2006 to levels set eight years ago, in 1997, resulting in a reduction in \$63,185,000 in General Fund tax receipts in FY2006-07 and an estimated reduction of an additional \$84,659,000 in General Fund tax receipts during the following biennium.
- The Governor is proposing to eliminate the sales tax on construction and home improvement contract labor effective January 1, 2007, resulting in a reduction of \$16,141,000 in General Fund tax receipts in FY2006-07 and an estimated reduction of an additional \$83,118,000 in General Fund tax receipts during the following biennium.
- The Governor is proposing to lapse the estimated remaining balance of \$45,481 from the Low-Level Radioactive Waste Settlement Fund to the General Fund in FY2005-06.
- The Governor is proposing the transfer of \$95,500,000 from the Cash Reserve Fund to the General Fund in FY2007-08 and FY2008-09.

The appropriations shown for the 2005-2007 biennium are those adopted during the 2005 legislative session. The Governor's mid-biennium recommendations for the 2005-2007 biennium include General Fund appropriation or reappropriation reductions of \$46.3 million and supplemental General Fund appropriations of \$39.3 million for a net reduction in General Fund appropriations of \$7.0 million. The Governor also proposes to accelerate the property tax relief originally scheduled for FY2008-09 by lowering the property tax levy limit for public schools from \$1.05 to \$1.025 for FY2006-07; to \$1.00 for FY2007-08; and to \$1.00 along with elimination of the temporary school aid adjustment factor in FY2008-09 as provided for in current law. An additional \$26.7 million in State aid to schools is recommended for FY2006-07; an additional \$147.7 million in State aid to schools is estimated for the following biennium.

Structural balance is maintained for each year of the 2005-2007 biennium. The ending General Fund balance exceeds the statutory minimum requirement of three percent by over \$16 million.

The planning estimates for the following biennium include the tax receipt projections presented to the Tax Rate Review Committee in November of 2005 by the Legislative Fiscal Office. These projections represent 2.8 percent annual growth in tax receipts necessary to maintain a five-year historical average growth of 5.1 percent. The econometric forecasts presented to the Committee represent 5.1 percent annual growth or a five-year average of 6.1 percent. These forecasts would add \$220 million to the General Fund ending balance at the end of the 2007-2009 biennium. The appropriation estimates, not including State aid to school increases for property tax relief, are 5.2 percent. The Governor recommends that the Cash Reserve Fund balance be maintained at three percent of estimated biennial appropriations—an estimated \$209 million.

GENERAL FUND FINANCIAL STATUS

	<u>Actual</u> FY2004-05	<u>Biennial Budget</u> FY2005-06 FY2006-07		<u>Est. for Next Biennium</u> FY2007-08 FY2008-09	
1 <u>Beginning Balance</u>					
2 Beginning Cash Balance	\$176,438,015	\$403,258,772	\$324,210,843	\$204,510,786	\$200,781,372
3 Cash Reserve Fund transfer-Automatic	(108,727,007)	(261,715,297)	(159,742,000)		
4 Carryover obligations from FY2004-05		(101,436,130)			
5 Reduce FY2004-05 carryover obligations (2006 Session)		4,453,496			
6 Allocation for potential deficits		See Below	(5,000,000)	(5,000,000)	(5,000,000)
7 Unobligated Beginning Balance	67,711,008	44,560,841	159,468,843	199,510,786	195,781,372
8 <u>Receipts</u>					
9 Net Receipts (NEFAB Forecast.; LFO Hist. Avg.)	3,031,634,318	3,252,000,000	3,304,000,000	3,368,000,000	3,450,000,000
10 General Fund transfers-out	(1,640,000)	(4,140,000)	(4,140,000)	(5,640,000)	(2,640,000)
11 General Fund transfers-in	In Receipts	In Receipts	In Receipts		
12 Cash Reserve Fund transfers-legislative	26,000,000		15,674,107	10,177,767	4,990,505
13 Income Tax Relief- Roll back rates			(63,185,000)	(41,020,000)	(43,639,000)
14 Sales Tax Relief - Repeal tax on contractor labor			(16,141,000)	(40,525,000)	(42,593,000)
15 Cash Reserve Fund transfers (2006 Session)				95,500,000	95,500,000
16 General Fund transfers-in (2006 Session)		45,481			
17 General Fund Net Revenues	3,055,994,318	3,247,905,481	3,236,208,107	3,386,492,767	3,461,618,505
18 <u>Appropriations</u>					
19 Appropriations per 2005 Session	2,720,446,554	2,972,439,069	3,162,797,235	3,162,797,235	3,162,797,235
20 Mid-Biennium Adjustments (2006 Session)		(4,251,787)	1,668,929		
21 Claims Bill (2006 Session)		68,197			
22 Property Tax Relief - Accelerate levy limit reduction			26,700,000	56,800,000	90,900,000
23 Spending Estimate - Next Biennium, 5.2% annual				165,624,946	340,077,060
24 General Fund Appropriations	2,720,446,554	2,968,255,479	3,191,166,164	3,385,222,181	3,593,774,295
25 <u>Ending Balance</u>					
26 Dollar ending balance	403,258,772	324,210,843	204,510,786	200,781,372	63,625,582
27 Biennial Reserve (%)	7.60%	--	3.27%	--	0.91%
28 Variance from Minimum Reserve	237,291,769	--	16,183,163	--	(141,790,595)
29 Biennial Reserve @ 3%	165,967,003	--	188,327,623	--	205,416,176
30 Annual Spending Growth - Appropriations		7.9%	7.5%	6.1%	6.2%
31 Two Year Average Growth		--	7.7%	--	6.1%



Cash Reserve Fund Status

The Cash Reserve Fund was created in 1983 to provide a source of funds for temporary transfers to the State General Fund when balances are not sufficient to process expenditure transactions. The original balance in the Cash Reserve Fund was accumulated through the imposition of an increase in the sales tax. The movement of monies between the Cash Reserve Fund and the General Fund for cash management purposes has been governed by a variety of legislation over the life of the Fund. Also, there have been several instances in which money was moved to and from the Cash Reserve Fund to accomplish policy initiatives that were not related to cash management.

Current law provides that actual General Fund revenues in excess of the certified forecast at the end of the fiscal year are to be transferred to the Cash Reserve Fund. The most recent such transfer occurred in July of 2005 when approximately \$261.7 million was moved from the General Fund to the Cash Reserve Fund. The forecast for FY2005-06 adopted by the Economic Forecasting Advisory Board at its October 2005 meeting will cause a projected transfer of \$159.7 million from the General Fund to the Cash Reserve Fund in July of 2006.

Transfers to/from the Cash Reserve Fund scheduled under current law for the current 2005-2007 biennium include: \$6,239,276 to the Nebraska Capital Construction Fund to finance construction of the Eastern Nebraska Veterans Home; \$15,000,000 to the Job Training Cash Fund for economic development; \$15,674,107 to the General Fund to support financing of school and State Patrol defined benefit retirement plans; and, \$145,811,368 to the Low Level Radioactive Waste Settlement Fund to finance payment of a lawsuit settlement. The Governor is not recommending additional transfers from the Cash Reserve Fund during the current biennium.

Transfers to/from the Cash Reserve Fund scheduled under current law for the following biennium include: \$22,921,535 to the General Fund to support financing of school and State Patrol defined benefit retirement plans and \$7,753,263 from the General Fund as "repayment" for earlier transfers to the Nebraska Capital Construction Fund to finance the construction of the Eastern Nebraska Veterans Home. The Governor is recommending a transfer to the General Fund of \$95,500,000 in each fiscal year of the following biennium. The Governor recommends a biennium ending Cash Reserve Fund balance equal to three percent of biennial appropriations—an estimated \$209.7 million.

CASH RESERVE FUND STATUS

	<u>Actual</u>	<u>Biennial Budget</u>		<u>Est. for Next Biennium</u>	
	FY2004-05	FY2005-06	FY2006-07	FY2007-08	FY2008-09
1 Beginning Balance	87,028,337	177,167,720	273,616,789	415,900,266	310,222,499
2 Transfer Amounts Above Forecasts	108,727,007	261,715,297	159,742,000		
3 To/From General Fund	(26,000,000)		(15,674,107)	(10,177,767)	(4,990,505)
4 Cigarette tax/stamps, MV sales tax	8,170,556				
5 To NCCF for Eastern NE Vets Home	(758,180)	(4,454,860)	(1,784,416)		
6 To LLRW Settlement Fund		(145,811,368)			
7 To Nebraska Job Training Fund		(15,000,000)			
8 To/From General Fund (2006 Session)				(95,500,000)	(95,500,000)
9 Ending Balance	177,167,720	273,616,789	415,900,266	310,222,499	209,731,994

**Mid-Biennium
Budget
Adjustments**



Mid-Biennium Budget Adjustments

Introduction

The 2005 legislative session, the first session of the 99th Legislature, provided us the opportunity to address important financial imperatives, prepare a sound biennial budget, and make significant improvements in the tax climate for businesses in order to increase the number and quality of jobs in Nebraska. A collaborative effort by the Governor and the Legislature has strengthened the financial position of State government and assisted our business community in a manner that is causing improvement in Nebraska's economy. Nebraska is moving forward in a positive direction.

Since the 2005-2007 biennial budget was established, the State collected \$48.2 million in General Fund tax receipts greater than estimated for fiscal year 2004-05 and tax receipt forecasts for the current 2005-2007 biennium have been increased by \$261.4 million.

The 2006 legislative session occurs at the middle point of an established two-year biennial budget. As it relates to the established State budget, the Governor recommends that this legislative session only be used to address technical or emergent issues that cannot be managed through additional priority setting and efficient management of existing appropriations. There should not be a rush to use actual or forecasted excess tax receipts for additional government spending.

During the 2006 legislative session the Governor is recommending that the Legislature build on the economy strengthening efforts of the 2005 legislative session by providing Nebraskans more than \$421 million in tax cuts and tax-relief investments over the next three years. The

Governor's proposal seeks to reduce the tax burden on residents in three areas – calling for a reduction in state income taxes, the elimination of the sales tax on construction and home repair labor and an investment in property tax relief.

First, the Governor recommends nearly \$148 million in tax cuts over three years by rolling back income tax rates to levels set eight years ago, in 1997.

Second, the Governor proposes to provide over \$99 million in sales tax relief through fiscal year 2008-09 by eliminating the sales tax on construction and home improvement contract labor.

Third, the Governor would accelerate the property tax relief originally scheduled for FY2008-09 by lowering the property tax levy limit for public schools from \$1.05 to \$1.025 for FY2006-07; to \$1.00 for FY2007-08; and to \$1.00 along with elimination of the temporary school aid adjustment factor in FY2008-09 as provided for in current law. An additional \$27 million in State aid to schools is recommended for FY2006-07; an additional \$147 million in State aid to schools is estimated for the following biennium.

2006 Legislative Session Governor's Comprehensive Tax Relief Proposal

Description	FY07	FY08	FY09
Income Tax Relief (eff. 1/1/06)	63,185,000	41,020,000	43,639,000
Three Year Total			147,844,000
Sales Tax Relief (eff. 1/1/07)	16,141,000	40,525,000	42,593,000
Three Year Total			99,259,000
Property Tax Relief	26,700,000	56,800,000	90,900,000
Three Year Total			174,400,000
Grand Total			421,503,000

State agencies, boards, and commissions submitted General Fund supplemental appropriation requests for the current biennium totaling \$85 million. The Governor's mid-biennium recommendations for budget adjustments for the 2005-2007 biennium include General Fund appropriation or reappropriation reductions of \$46.3 million and supplemental General Fund appropriations of \$39.3 million for a net reduction in General Fund appropriations for the current biennium of \$7.0 million.

Explanation of Budget Adjustments

The Governor's mid-biennium budget recommendations include changes to reappropriations and appropriations for State fiscal years 2005-06 and 2006-07. Requests of State agencies for supplemental appropriations and changes recommended by the Governor are explained in the following narrative and summarized in the table presented on pages 25 to 32 of this booklet. The actual supplemental request document of individual agencies may be viewed on the web at www.budget.ne.gov. The Governor's recommendations regarding General Fund budget adjustments and the Governor's proposals for tax cuts and tax relief are further summarized as part of the General Fund Financial Status presented on page 2 of this booklet.

Agriculture, Environment, and Natural Resources

Environmental Quality, Department of – The Department requested an additional \$394,484 in Cash Funds for FY2005-06 and \$1,726,000 in Cash Funds in FY2006-07 in order to provide the non-federal cost share requirements for Superfund Remediation sites in Nebraska.

The Governor's recommendation includes funding for this request.

The remaining \$45,481 balance from the Low-Level Radioactive Waste Settlement fund, created in LB 426 (2005

Session), will be transferred to the General Fund. The fund will also be eliminated from statute as there is no additional need for the fund to exist.

Game & Parks Commission – The Governor's budget recommendation includes additional funding of \$3,058 General Funds, \$17,329 Cash Funds, and \$17,706 Personal Services Limitation authority for FY2006-07 to reduce SLEBC/Management pay compression and to improve internal salary pay equity.

The Governor recommends that the Nebraska Environmental Trust Board prioritize in its grant awards process, activities by the Department of Environmental Quality and the University of Nebraska, for soil remediation within the State of Nebraska.

Natural Resources, Department of – The Department requested an additional \$1,100,000 in General Funds for FY2006-07 for implementation of LB 962 water policy research, education, and modeling.

The Governor's recommendation includes \$849,318 in General Funds.

The Department requested \$411,000 in Personal Services Limitation authority for FY2006-07 for three current positions, as well as for six new positions to carry out Department LB 962 water policy responsibilities.

The Governor's recommendation includes \$312,500 of Personal Services Limitation authority for three existing positions and three new positions.

The Department requested \$400,000 in General Funds for FY2006-07 for funding related to the Platte River Cooperative Agreement.

The Governor's recommendation includes funding for this request.

The Department requested \$2,000,000 in General Funds for FY2006-07 to be used by the Department as State match for costs of Natural Resource Districts in development and administration of programs related to LB 962.

The Governor's recommendation includes funding for this request.

Oil and Gas Commission – The Commission requested an additional \$26,000 in Cash Funds for FY2005-06 in order to fund a satellite data-based photo geological study of the State of Nebraska.

The Governor's recommendation does not include funding for this request.

Economic Development

Geologists, Board of – The Board has requested \$27,000 Cash Fund appropriation for FY2005-06 to hire a consultant to assist in the revising of state statutes.

The Governor's recommendation does not include funding for this request.

Public Service Commission – The Commission requested a total increase in appropriations for FY2005-06 of \$53,546 to accommodate increased legal service charges assessed to the agency from the Attorney General. The Agency proposed allocating this total as follows: \$20,883 increased General Fund appropriation in program 54 – Common Carriers; \$29,986 increased Cash Fund appropriation in program 686 – Universal Service Fund; and \$2,677 increased Cash Fund appropriation in program 790 – Natural Gas Regulation.

The Governor's recommendation does not include funding for this request.

Real Estate Commission – The Commission requested an additional appropriation of \$22,500 Cash Funds for FY2005-06 due to an increase in licensing examinations.

The Governor's recommendation moves the requested \$22,500 Cash Funds from the Real Estate Commission's FY2006-07 appropriation to FY2005-06.

General Government

Secretary of State – The Agency requested \$84,165 Cash Funds in FY2005-06 and \$84,165 Cash Funds in FY2006-07 for increased staff support of the State Records Board.

The Governor's recommendation does not include funding for this request.

The Agency requested \$238,515 General Funds in FY2005-06 and \$198,515

General Funds in FY2006-07 to move Records Management Division offices, production facilities, and records center storage from the K Street Complex to a different facility.

The Governor's recommendation does not include funding for this request.

Human Resources Development

Administrative Services, Department of – Budget Division – In an effort to ensure the most effective protection for some of the State's most vulnerable citizens, the Governor recommends providing \$500,000 of additional General Fund appropriation in FY2006-07 to the DAS Budget Division (Agency 65, under new Program #615), to be used to contract for a study of the State's foster care system.

Arts Council, Nebraska – The Council requested \$108,000 General Funds for FY2006-07 to rewrite the agency's online grant processing system.

The Governor's recommendation does not include funding for this request.

The Council requested \$12,210 General Funds in FY2005-06 and \$10,896 General Funds in FY2006-07 to acquire Lotus Notes email software and Blackberry communication devices for agency staff.

The Governor's recommendation does not include funding for this request.

The Council requested \$12,556 General Funds in FY2005-06 and \$13,493 General Funds in FY2006-07 to address changing employee health coverage, mileage rate increases for travel and computer replacement.

The Governor's recommendation does not include funding for this request.

Blind & Visually Impaired, Commission for the – The Commission requested \$444,882 General Funds for FY2005-06 and \$562,483 General Funds for FY2006-07 to increase operations and aid. The request identifies a decline of \$330,170 Federal Funds in FY2005-06 and \$375,517 Federal Funds in FY2006-07, representing approximately 70 percent of the General Funds request.

The Governor's recommendation does not include funding for this request.

Community College Aid – The Nebraska Community Colleges requested \$24,967,308 in additional State General Fund aid for FY2006-07.

The Governor’s recommendation does not include funding for this request.

Education, Department of – The Department requested \$491,032 in General Funds and \$295,144 in additional Personal Services Limitation authority for FY2006-07, to fund the following six positions:

- Health Sciences and Physical Education Consultant
- Hispanic/Latino Education Consultant
- School Safety Consultant
- Visual and Performing Arts Consultant
- Statewide Coordinator for American Indian Education
- Statewide Specialist for Drug/Alcohol Prevention in the American Indian Education program

The Governor’s recommendation does not include funding for these requests.

The Department requested \$375,249 General Funds in FY2005-06 to fund reimbursements requested under the enrollment option transportation program.

The Governor’s recommendation does not include funding for this request.

The Department requested \$3,761,600 General Funds in FY2006-07 to

fund network transport costs, equipment upgrades and scheduling software for K-12 distance learning before final recommendations of the LB 689 Distance Learning Task Force were issued.

The Governor’s recommendation does not include funding for this request.

The Department requested \$9,959 General Funds in FY2005-06 and \$12,843 General Funds in FY2006-07 to provide funding for the increased travel costs related to the rate increases in State vehicle use and personal vehicle mileage reimbursement.

The Governor’s recommendation does not include funding for this request.

The Department requested \$7,022 General Funds in FY2005-06 and \$7,210 General Funds in FY2006-07 to provide funding for the Department’s increased employer contribution for department staff participating in the School Employees’ Retirement program.

The Governor’s recommendation does not include funding for this request.

The Department requested \$18,853 General Funds in FY2005-06 to provide funding for two school districts erroneously omitted from the High Ability Learners aid distribution.

The Governor’s recommendation does not include funding for this request.

Governor's Initiative and TEEOSA Funding Impact

	FY2005-06	FY2006-07	FY2007-08	FY2008-09
	<i>Certified</i>	<i>Sine Die 2005 Est</i>	<i>Sine Die 2005 Est</i>	<i>Sine Die 2005 Est</i>
TEEOSA General Fund Aid (Sine Die 2005)	683,473,181	734,055,263	798,653,105	933,193,876
Annual Change	64,904,424	50,582,082	64,597,842	134,540,771
% Change	10.5%	7.4%	8.8%	16.8%
Insurance Premium Tax	17,121,101	16,830,000	17,250,750	17,682,019
Total TEEOSA State Aid	700,594,282	750,885,263	815,903,855	950,875,895
	<i>Certified</i>	<i>Nov 2005 Est</i>	<i>Nov 2005 Est</i>	<i>Nov 2005 Est</i>
TEEOSA General Fund Aid (November 2005 Estimate)	683,473,181	718,319,592	756,550,080	890,569,437
Annual Change	64,904,424	34,846,410	38,230,489	134,019,356
% Change	10.5%	5.1%	5.3%	17.7%
Insurance Premium Tax	17,121,101	17,121,101	17,549,129	17,987,857
Total TEEOSA State Aid	700,594,282	735,440,693	774,099,209	908,557,293
Governor's Initiative				
Initiative's Levy Limit Changes (FY2006-07 \$1.025; FY2007-08 \$1.00)		26,700,000	56,800,000	-
Scheduled Levy Limit Change to \$1.00 in FY09				90,900,000
TEEOSA General Fund Aid (After Initiative)	\$ 683,473,181	\$ 744,984,407	\$ 813,373,323	\$ 890,569,437
Annual Change	64,904,424	61,511,226	68,388,915	77,196,114
% Change	10.5%	9.0%	9.2%	9.5%
Insurance Premium Tax	17,121,101	17,121,101	17,549,129	17,987,857
Total TEEOSA State Aid	\$ 700,594,282	\$ 762,105,508	\$ 830,922,451	\$ 908,557,293
Annual Change	66,277,006	61,511,226	68,816,943	77,634,842
% Change	10.5%	8.8%	9.0%	9.3%

The Governor's recommendation includes funding TEEOSA school aid for FY2006-07 at the amount estimated by the Department of Education. The revised estimate includes a decrease in FY2006-07 of \$15,735,671 from the estimates generated at the conclusion of the 2005 legislative session.

The Governor will propose legislation to lower the maximum property tax levy from \$1.05 to \$1.025 for FY2006-07 and from \$1.05 to \$1.00 for FY2007-08. Given that the Local Effort Rate in the TEEOSA school aid formula is set \$0.10 lower than the maximum property tax levy, lowering the maximum property tax levy requires additional TEEOSA school aid. With the adoption of this initiative, General Fund state aid is projected to increase \$26,700,000 in FY2006-07 and \$56,800,000 in FY2007-08. In FY2008-09, when the maximum property tax levy limit is scheduled to return to \$1.00 and the aid adjustment factor expires, TEEOSA state aid increases an additional \$90,900,000. With the initiative, TEEOSA General Fund aid grows nine percent or more each year from FY2006-07 through FY2008-09.

Educational Telecommunications Commission, Nebraska – The Commission requested \$30,733 General Funds for FY2005-06 and \$45,866 General Funds for FY2006-07 to fund the costs of Federal Communications Commission mandated closed captioning.

The Governor's recommendation includes \$22,424 General Funds and \$509 Cash Funds in FY2005-06 and \$44,890 General Funds and \$976 Cash Funds in FY2006-07 to fund the ongoing costs of Federal Communications Commission mandated closed captioning. Funds to cover one-time costs included in the FY2005-06 request should be obtained from existing appropriations or budget savings.

The Commission requested \$2,500 General Funds for FY2006-07 to fund the additional depreciation costs necessitated by an increase of \$250,000 in the total project cost of the Carpenter Building renovation project.

The Governor's recommendation includes the \$2,500 General Funds requested for FY2006-07 to fund the additional depreciation costs.

The Commission requested \$28,325 General Funds for FY2005-06 and \$56,650 General Funds for FY2006-07 to fund increased energy costs for the Carpenter Center.

The Governor's recommendation does not include funding for this request. The Governor's enterprise-wide policy is for agencies, boards and commissions, excluding Health & Human Services 24-hour care facilities, to reallocate their existing financial resources to meet the increased energy costs.

The Governor's recommendation includes lapsing to the General Fund a total of \$232,506 reappropriated State Building Funds which are unnecessary to complete the KLNE Lexington and the LMNE Bassett transmitter replacement projects.

Foster Care Review Board – The Board requested \$6,930 General Funds and \$3,150 Federal Funds for FY2005-06 and \$13,860 General Funds and \$6,300 Federal Funds for FY2006-07 to fund employee health benefit increases.

The Governor's recommendation funds this request in a manner consistent with his enterprise-wide policy on this issue.

The Board requested \$348,876 General Funds and \$158,578 Federal Funds for FY2006-07 to fund five Review Specialist positions, one Review Specialist Supervisor position, one Placement Officer position, and three Staff Assistant positions, along with the accompanying operating expenses for the ten requested positions.

The Governor's recommendation does not include funding for the new positions or the increased operating expenses.

Health & Human Services System – The Department of Health and Human Services (HHS-Svs) and the Department of Health and Human Services – Finance and Support (HHS-F&S) requested General Funds necessary to replace the reduction in federal funds associated with a decrease in the Federal Medical Assistance Percentage (FMAP) scheduled for State FY2006-07.

The Governor's recommendation includes the requested funding adjustments for FY2006-07.

<u>Agency</u>	<u>Program</u>	<u>General</u>	<u>Federal</u>
HHS-Svs	Admin.	\$141,129	(\$141,129)
HHS-Svs	Regional Centers	\$44,028	(\$44,028)
HHS-Svs	BSDC	\$628,850	(\$628,850)
HHS-F&S	Mental Health Aid	\$138,034	(\$138,034)
HHS-F&S	CHIP	\$578,361	(\$578,361)
HHS-F&S	Public Assistance	\$384,111	(\$384,111)
HHS-F&S	Medicaid	\$17,813,350	(\$17,813,350)
HHS-F&S	DD Aid	\$2,265,089	(\$2,265,089)
	TOTAL	\$21,992,952	(\$21,992,952)

On November 30, 2005 the Director of the Department of Health and Human Services requested the State Budget Administrator transfer appropriations as provided in LB 425, Section 104, from the Mental Health Operations program to Behavioral Health Aid and to Health and Human Services Administration for the statewide development and provision of community-based behavioral health services. The FY2005-06 General Fund appropriation to the Hastings Regional Center was reduced by \$2,720,500. The FY2005-06 General Fund appropriation to the Behavioral Health Aid program in HHS-Finance and Support was increased by \$2,045,734 and the FY2005-06 General Fund appropriation for the HHS-Services administrative program was increased by \$674,766.

The Governor's recommendations provide that these transfers be annualized in the FY2006-07 base appropriations in the three respective programs.

Health & Human Services – The Department requested transfer of \$137,000 Personal Services Limitation (PSL) from HHS-Services to HHS-Regulation and Licensure in each of FY2005-06 and FY2006-07.

The Governor's recommendation includes the requested transfer of PSL.

Funding for forty additional staff positions in FY2005-06 and sixty positions in FY2006-07, along with associated operating costs was added to the operating budget during the 2005 legislative session in anticipation of increased state eligibility determination responsibilities under the federal Medicare Prescription Drug, Improvement, and Modernization Act of 2003. The increased workload associated with the federal act has been less than

originally estimated. Current estimates indicate that thirty additional positions should be sufficient to handle the workload in HHS-Services for each of FY2005-06 and FY2006-07. Accordingly, the Governor's recommendation reduces the program appropriations in FY2005-06 by \$242,244 General Funds and \$242,244 Federal Funds. In FY2006-07 the Governor's recommendation includes a General Fund reduction of \$577,585 and a Federal Fund reduction of \$577,585.

The Governor's recommendation includes FY2005-06 funding for the increased energy costs at the 24-hour care facilities operated by the Department of Health and Human Services. The adjustments are contained in the table below:

<u>Facility</u>	<u>Fund</u>	<u>FY2005-06</u>
Youth Dev. Centers	General	\$118,971
Youth Dev. Centers	Cash	\$4,175
Youth Dev. Centers	Federal	\$6,979
Regional Centers	General	\$427,703
Regional Centers	Cash	\$34,567
Regional Centers	Federal	\$68,978
BSDC	General	\$97,561
BSDC	Cash	\$22,017
BSDC	Federal	\$137,635
Vets' Homes	General	\$104,314
Vets' Homes	Cash	\$85,132
Vets' Homes	Federal	\$62,428

The Department requested that the use of funding originally designated for resurfacing of parking lots at the Grand Island Veterans' Home be amended to include parking and street improvements at the facility.

The Governor's recommendation includes the change in intent language as requested by the agency.

Health & Human Services – Finance & Support – The Department requested an increase of \$60,000 in Cash Fund spending authority in FY2006-07 for the Nebraska medical student loan program.

The Governor's recommendation includes the Cash Fund spending authority as requested by the agency.

The Governor's recommendation includes a \$900,000 General Fund reduction for FY2005-06 and a \$1,250,000

General Fund reduction for FY2006-07 for the Children's Health Insurance Program (CHIP) based on year-to-date analysis of program funding requirements.

The Governor's recommendation includes a \$1,500,000 General Fund reduction for FY2005-06 and a \$5,700,000 General Fund reduction for FY2006-07 to the Medicaid program based on year-to-date analysis of program funding requirements.

Health & Human Services – Regulation & Licensure – The Department requested transfer of \$137,000 Personal Services Limitation (PSL) from HHS-Services to HHS-Regulation and Licensure in each of FY2005-06 and FY2006-07.

The Governor's recommendation includes the requested transfer of PSL.

Historical Society, Nebraska State – The Society requested \$23,000 in General Funds for both FY2005-06 and FY2006-07 to provide additional funding for the agency to carry out increased obligations under the Unmarked Human Burials and Skeletal Remains Protection Act.

The Governor's recommendations include funding for this request.

The Society requested \$2,626,009 in General Funds for FY2006-07 to renovate the Historical Society Headquarters building.

The Governor's recommendation does not include funding for this request.

Library Commission, Nebraska – The Commission requested \$325,000 in General Funds for online information database subscription licenses for school, library and home access through the Commission's online library system.

The Governor's recommendation does not include funding for this request.

Postsecondary Education, Coordinating Commission for – The Commission requested \$50,000 Cash Funds for FY2005-06 for need-based student financial aid, to be funded from carryover cash balances.

The Governor's recommendation includes the requested \$50,000 Cash Funds for FY2005-06.

The Commission requested \$1,200,000 in General Funds for student financial aid for FY2006-07 that was not approved in the 2005 legislative session.

The Governor's recommendation does not include the requested increase. The legislature already appropriated an increase in Lottery Funds for FY2006-07 of \$2,250,000 or a ninety percent increase over FY2005-06.

The Commission requested \$5,000 General Funds for FY2005-06 and \$5,000 General Funds for FY2006-07 for participation in the Nebraska P-16 Initiative.

The Governor's recommendation consolidates this Nebraska P-16 Initiative request in a General Fund appropriation made for FY2006-07 to the University of Nebraska, where statewide costs will be centralized.

The Commission requested \$8,500 General Funds for FY2005-06 and \$8,500 General Funds for FY2006-07 for increased health insurance premium costs.

The Governor's recommendation funds this request in a manner consistent with his enterprise wide policy on this issue.

The Commission requested \$82,000 General Funds and \$66,500 Personal Services Limitation for FY2006-07 for a Research Officer position.

The Governor's recommendation does not include funding for this request.

State Colleges – The Board requested \$194,400 General Funds for FY2006-07 to continue additional planning for the South Sioux educational facility.

The Governor's recommendation does not include funding for this request.

The Board requested \$424,744 General Funds for FY2005-06 and \$424,744 General Funds for FY2006-07 for increased energy costs at Peru State College and Wayne State College.

The Governor's recommendation does not include funding for this request. The Governor's enterprise-wide policy is for agencies, boards and commissions, excluding Health & Human Services 24-hour care facilities, to reallocate their existing financial resources to meet the increased energy costs.

University of Nebraska – The Board of Regents requested \$1,178,649 General Funds for FY2005-06 and \$5,751,870 General Funds for FY2006-07 for environmental cleanup at the Agricultural Research and Development Center near Mead.

The Governor's recommendation includes an appropriation of \$3,000,000 from non-General Fund estimated Trust Fund sources for FY2005-06 for the environmental cleanup at the Agricultural Research and Development Center near Mead.

The Board requested \$6,447,489 General Funds for FY2005-06 and \$6,447,489 General Funds for FY2006-07 for increasing energy costs on all campuses.

The Governor's recommendation does not include funding for this request. The Governor's enterprise-wide policy is for agencies, boards and commissions, excluding Health & Human Services 24-hour care facilities, to reallocate their existing financial resources to meet the increased energy costs.

The Governor's recommendation includes \$100,000 General Funds for FY2006-07 for centralized statewide costs of the consolidated Nebraska P-16 Initiative.

Veterans' Affairs – The Governor's recommendation includes \$75,000 State Building Fund and \$75,000 Cash Funds for FY2006-07 to serve as necessary matching funds for available federal funds to construct the first cemetery in the State veterans' cemetery system.

The Governor supports legislation that permits the State Building Fund support of this project.

Public Finance

Administrative Services, Department of – The Governor's budget recommendation includes \$150,000 General Funds and \$150,000 Federal Funds for FY2005-06 and \$850,000 General Funds and \$1,350,000 Federal Funds for FY2006-07 to provide initial funding for the Nebraska Public Safety Communication System.

Energy Costs – Based on analyses and projections published by the Energy Information Administration of the U.S. Department of Energy, the Department of Administrative Services, requested an increase in Building Division (Program 560) Revolving Fund appropriation authority of \$1,390,488 for both FY2005-06 and FY2006-07 to cover the increased cost of utilities in State buildings.

The Governor recommends funding this Revolving Fund increase for FY2005-06 only, as the cost of natural gas and heating oil remains volatile and will need to be revisited for FY2006-07.

The Governor's enterprise-wide policy is to not recommend providing supplemental appropriations for utility costs on an agency-by-agency basis, with the following exception: of the \$1,390,488 increase requested by DAS above, \$1,170,460 (84.2%) relates to, and would be assessed to Health & Human Services Systems (HHS) 24-hour care facilities (Regional Centers, YRTC's, Vets' Homes).

The Governor recommends providing additional appropriations to these various HHS programs for FY2005-06. The total appropriation is \$748,549 General Funds, \$145,891 Cash Funds, and \$276,020 Federal Funds for FY2005-06.

The Office of the State Capitol Commission (Program 685) has requested additional General Fund appropriation of \$343,939 for both FY2005-06 and FY2006-07 for increased utility costs.

The Governor recommends funding these General Fund amounts for FY2005-06 for Program 685, but recommends offsetting this increase for the biennium as a whole, by decreasing Program 901 (State Capitol Improvements) State Building Funds by a like amount in FY2006-07.

Gasoline Costs – based on Energy Information Administration projections for the cost of crude oil and gasoline, the Department of Administrative Services, Transportation Services Bureau (Program 180), requested an increase in Revolving Fund appropriation authority to cover the increased cost of gasoline for State vehicles over budgeted amounts for FY2005-06 and FY2006-07. The request was for additional Revolving Fund appropriation of \$551,689 in FY2005-06 and increased appropriation of \$827,533 in FY2006-07.

The Governor's recommendation includes funding for this request.

The Department of Administrative Services, Building Division (Program 560) requested a \$3,000,000 increase in Revolving Fund authority for FY2005-06 in order to address carryover maintenance projects in various State buildings. These projects were originally scheduled for FY2004-05 but were delayed. The Building Division Revolving Fund balance is sufficient to accommodate these projects, but the agency needs the additional Revolving Fund authority to complete them this biennium.

The Governor recommends funding \$1.6 million of this request, as the Building Renewal Task Force has identified \$1.4 million of these projects as building renewal projects.

Laws 2005, LB 426, section 13, directs the State Treasurer to transfer \$1,403,000 within 5 days of July 1, 2005, and to transfer \$781,000 within 5 days of July 1, 2006 from the Vacant Building Fund to the Nebraska Capital Construction Fund (NCCF). These transfer amounts are the basis for the NCCF appropriation of \$1,403,000 for FY2005-06, and the NCCF appropriation of \$781,000 for FY2006-07, identified in Laws 2005, LB 424, section 25, relative to the Department of Correctional Services, Program 916 – renovation of the Women's Correctional Center in York.

The transfers from the Vacant Building Fund were predicated on sales activity providing certain cash flows into the Vacant Building Fund which, in fact, did not occur in FY2004-05 or FY2005-06. While the transfer of \$1,403,000 did occur in July 2005, the Department of Administrative Service – Building Division, seeks to postpone or eliminate the \$781,000 transfer set for July 2006, or replace it with a transfer from the General Fund, as the Vacant Building Fund balance will not support such a transfer by that date.

Based on the timing of scheduled construction on the various projects being funded through the NCCF, the Governor recommends the \$781,000 transfer from the Vacant Building Fund to the NCCF be postponed to a time period on or before June 30, 2009.

Investment Council, Nebraska –

The Council has requested additional Cash Fund appropriation of \$10,000 for FY2005-06 for costs related to the recruitment and hiring of a new State Investment Officer.

The Governor's recommendation includes funding for this request.

Retirement System, Nebraska

Public Employees' – The Agency requests, for FY2005-06 and FY2006-07, an increase in Personal Services Limitation authority of \$2,250 for board member per diem expenses.

The Governor's recommendation is to authorize this increase in PSL authority.

The Agency has requested a reduction of \$41,402 in General Funds for FY2006-07 for the State Patrol retirement plan. The annual actuarial valuation of the defined benefit plans indicates there is a current funding surplus in the Patrol plan of \$41,402.

The Governor's recommendation includes an appropriation reduction as requested.

The Agency has requested a reduction of \$1,705,118 in General Funds for FY2006-07 for the state School Employees' retirement plan. The annual actuarial valuation of the defined benefit plans indicates there is a current funding surplus in the School Employees' plan of \$1,705,118.

The Governor's recommendation includes an appropriation reduction as requested.

The Agency has requested \$271,302 in General Funds for FY2006-07 to finance the State's match of 7/10th of one percent of annual compensation under the state School Employees' retirement plan.

The Governor's recommendation includes funding for this request.

The Agency has requested \$128,144 in General Funds for FY2006-07 to finance the State's match of 7/10th of one percent of annual compensation under the Class V School Employees' retirement plan.

The Governor's recommendation includes funding for this request.

The Agency has requested \$79,375 in General Funds for FY2006-07 to finance the State's contribution for the service annuity benefit under the Class V School Employees' retirement plan.

The Governor's recommendation includes funding for this request.

Revenue, Department of – The Department requested \$907,000 General Funds in FY2005-06 for the homestead exemption program. The additional funding will be used to compensate local

governments for the anticipated loss of property tax revenue associated with the homestead exemption program.

The Governor's recommendation includes \$907,000 General Funds for each of FY2005-06 and FY2006-07.

Public Safety

Attorney General – The Agency requested a fund transfer of \$135,735 General Funds to the Administrative License Revocation Cash Fund in FY2006-07 to provide continuation funding during the biennium for the Administrative License Revocation Program.

The Governor's recommendation includes three separate cash fund transfers for a total transfer amount of \$135,735 including: (1) transfer of the lapsed balance in the Attorney General Child Protection Cash Fund, estimated at \$45,912; (2) transfer of the unused balance in the Reports and Opinions Cash Fund (Justice Department Cash Fund), estimated at \$7,228; and (3) transfer of \$82,595 from the Department of Motor Vehicles Cash Fund.

The Agency requested \$75,000 Cash Funds and \$57,000 Personal Services Limitation authority in FY2005-06 and \$100,000 Cash Funds and \$59,850 Personal Services Limitation authority in FY2006-07 to provide funding for an additional Assistant Attorney General to enforce the Tobacco Settlement Agreement.

The Governor's recommendation includes \$100,000 Cash Funds and \$59,850 Personal Services Limitation authority in FY2006-07.

The Agency requested \$101,893 Revolving Funds and \$81,239 Personal Services Limitation authority in FY2005-06 and \$171,693 Revolving Funds and \$130,540 Personal Services Limitation authority in FY2006-07 to provide funding for 2.75 FTE in FY2005-06 and 3.75 FTE in FY2006-07.

The Governor's recommendation does not include funding for this request.

The Governor's budget recommendation includes a base adjustment related to one-time school finance litigation costs. The Governor's

recommendation includes \$1,470,000 General Funds in FY2005-06 and an offsetting General Fund reduction of \$1,470,000 in FY2006-07.

The Governor is recommending a change to current budget language to authorize Program Classification No. 270 as a tracking program in FY2005-06 and provides intent language requiring the 2007-09 budget request submission for the agency be submitted at the detailed budget sub-program structure level as authorized by the Legislature.

The Governor is recommending statutory creation of both a State Settlement Cash Fund and a State Settlement Trust Fund, along with language to revise and update the financial accounting of settlement funds consistent with requirements of the Governmental Accounting Standards Board (GASB).

Correctional Services, Department of – The Governor's budget recommendation includes a General Fund reappropriation reduction of \$4,220,990 from the Department's June 30, 2005, unobligated reappropriation balance.

The Governor's budget recommendation includes a budget reduction of \$4,500,000 General Funds in FY2005-06 and \$4,500,000 General Funds in FY2006-07, based on projected budget savings.

The Governor's budget recommendation includes a funding source change that reduces the General Fund and increases the Cash Fund by \$3,231,923 in FY2005-06 and reduces the General Fund and increases the Cash Fund by \$1,096,199 in FY2006-07. These funding changes utilize projected excess department cash fund balances.

The Governor's budget recommendation includes a budget reduction of \$4,839,393 Federal Funds and \$2,973,377 Personal Services Limitation authority in FY2005-06 and a budget reduction of \$5,435,736 Federal Funds and \$3,352,368 Personal Services Limitation authority in FY2006-07 for obsolete Program Classification No. 875—Hastings INS Facility. The Governor's budget recommendation also includes striking

obsolete Program Classification No. 875—Hastings INS Facility from current budget language.

The Governor's budget recommendation includes \$45,000 from the State Building Fund for FY2006-07 to prepare a program statement for construction of a new Correctional Substance Abuse Treatment Facility.

Criminal Justice, Nebraska Commission on Law Enforcement and

The Commission requested contingency budget language if LB 429 does not become law.

The Governor's recommendation includes this contingency budget language.

The Commission requested \$100,000 Cash Funds in FY2005-06 to make necessary computer database changes with the Nebraska Law Enforcement Training Center's student records.

The Governor's recommendation includes funding for this request.

The Governor's recommendation includes technical changes to the current budget language of the Nebraska Law Enforcement Training Center to clarify the intent of the equipment fund and to include the capital depreciation earmarks.

The Commission requested to transfer \$112,182 General Funds in FY2005-06 and \$175,827 General Funds in FY2006-07, Program 220, to the Supreme Court, Program 435, to pay for two Probation Community Corrections programming positions.

The Governor's recommendation includes funding for this request.

The Governor's recommendation includes a technical correcting base reduction of \$20,910 Personal Services Limitation authority for FY2005-06 and a technical correcting base reduction of \$20,126 Personal Services Limitation authority for FY2006-07.

Military Department – The Department requested \$42,400 General Funds and \$127,200 Federal Funds in FY2005-06 to fully fund the federal Facility and Operations Maintenance Agreement.

The Governor's recommendation includes funding for this request.

The Governor's budget recommendation includes statutory language extending the sunset dates to July 1, 2015 for completing construction of the Military Joint Operations Center and the corresponding sale of specific state Military property. The date changes are a direct result of delayed federal construction funding.

The Department is proposing agency legislation on behalf of the Nebraska Emergency Management Agency (NEMA) for in-state calibration of radiological instruments. The agency estimates a fiscal impact of \$7,000 Cash Funds in FY2006-07 to implement the legislation.

Public Advocacy, Nebraska Commission on

The Commission requested \$23,707 Cash Funds and \$18,521 Personal Services Limitation authority in FY2006-07 to provide supplemental salary equity increases of 3% for its attorneys, in addition to the 3.25% salary increases already scheduled to go into effect on July 1, 2006.

The Governor's recommendation does not include funding for this request.

The Governor's recommendation includes a reduction of \$74,481 Cash Funds in FY2005-06 and a reduction of \$74,481 Cash Funds in FY2006-07 to correct an error by repealing Laws 2005, LB 348A, Sec. 6.

State Fire Marshal – The Governor's budget recommendation includes additional funding of \$20,385 General Funds, \$2,040 Cash Funds, and \$19,476 Personal Services Limitation authority for FY2006-07 to reduce SLEBC/Management pay compression and to improve internal salary pay equity.

State Patrol, Nebraska – The Agency requested \$332,500 General Funds in FY2005-06 and \$332,500 General Funds in FY2006-07 to pay for increased gasoline costs.

The Governor's recommendation includes \$189,781 General Funds in FY2005-06 and \$111,055 General Funds in FY2006-07 to defray revised cost increases.

The Agency requested \$92,800 General Funds and \$74,250 Personal Services Limitation authority in FY2005-06 and \$150,025 General Funds and \$120,350 Personal Services Limitation authority in FY2006-07 to replace an expiring federal grant used to support the State Sex Offender Registry.

The Governor's recommendation includes funding for this request.

The Agency requested funding of \$277,450 General Funds and \$238,256 Personal Services Limitation authority for FY2006-07 for Program 100—Nebraska State Patrol Operations, to reduce SLEBC/Management pay compression and to improve internal salary pay equity.

The Governor's recommendation includes funding for this request.

The Agency requested \$150,000 Cash Funds in FY2005-06 and \$150,000 Cash Funds in FY2006-07 to cover recent space changes and rental costs of the Criminal Identification Division.

The Governor's recommendation includes funding for this request.

The Governor's budget recommendation includes a one-time funding source change that reduces the General Fund by \$500,000 and increases the Cash Fund by \$500,000 for FY2005-06 for Program 100—Nebraska State Patrol Operations. This funding change utilizes a one-time excess cash fund balance.

The Agency requested funding of \$25,884 Cash Funds and \$22,227 Personal Services Limitation authority for FY2006-07 for Program 205—Carrier Enforcement Division, to reduce SLEBC/Management pay compression and to improve internal salary pay equity.

The Governor's recommendation includes funding for this request.

The Governor's budget recommendation includes a base adjustment related to paying only the first two years of the helicopter hangar lease costs from the Public Safety Cash Fund. The Governor's recommendation includes \$44,700 Cash Funds in FY2005-06 and an offsetting Cash Fund reduction of \$44,700 in FY2006-07.

The Governor's budget recommendation includes a technical change to current budget language by reflecting the AFIS budget earmarks as estimates instead of hard dollar earmarks.

The Governor's budget recommendation includes a funding source change for State Capitol Security that reduces the General Fund and increases the Cash Fund by \$19,383 in FY2005-06 and reduces the General Fund and increases the Cash Fund by \$43,407 in FY2006-07. These cost allocation funding changes ensure that the Cash Fund appropriations match the State Building Division transfers authorized by the Legislature, as required to cover the non-General Fund costs of the State Capitol Security Division.

Supreme Court – The Agency requested \$30,100 General Funds in FY2005-06 and \$30,100 General Funds in FY2006-07 to provide additional funding for Court and State Probation interpreter payments.

The Governor's recommendation includes funding for this request.

The Agency requested \$94,263 General Funds and \$21,413 Cash Funds in FY2005-06 and \$94,263 General Funds and \$21,413 Cash Funds in FY2006-07 to provide additional funding for Court mileage reimbursement.

The Governor's recommendation does not include funding for this request.

The Agency requested \$29,583 General Funds in FY2005-06 to replace obsolete County Court recording equipment.

The Governor's recommendation includes funding for this request.

The Agency requested \$113,181 General Funds and \$99,930 Personal Services Limitation authority in FY2005-06 to provide funding for Court retirement payouts.

The Governor's recommendation includes funding for this request.

The Governor is recommending a change to current budget language to provide the Supreme Court with management flexibility to allow the transfer of General Fund appropriations between

Program 052-Court Operations and Program 067-State Probation.

The Agency requested \$44,867 General Funds in FY2005-06 and \$44,867 General Funds in FY2006-07 to provide additional funding for State Probation mileage reimbursement.

The Governor's recommendation does not include funding for this request.

The Agency requested \$22,951 General Funds in FY2005-06 and \$34,487 General Funds in FY2006-07 to provide additional funding for State Probation for State vehicle rate changes.

The Governor's recommendation does not include funding for this request.

The Agency requested \$12,424 General Funds and \$10,790 Personal Services Limitation authority in FY2005-06 to provide funding for State Probation retirement payouts.

The Governor's recommendation does not include funding for this request.

The Governor is recommending a transfer of \$260,490 General Funds and \$167,750 Personal Services Limitation authority in FY2005-06 and \$529,870 General Funds and \$346,390 Personal Services Limitation authority in FY2006-07 from Program 67 to Program 435 to pay for ten specialized substance abuse probation officers assigned to the Probation Community Corrections budget.

The Agency requested a transfer of \$112,182 General Funds in FY2005-06 and \$175,827 General Funds in FY2006-07 from the Commission on Law Enforcement and Criminal Justice, Program 220, to the Supreme Court, Program 435, to pay for two Probation Community Corrections programming positions. Also, included within this request was an increase of \$77,403 Personal Services Limitation authority in FY2005-06 and \$122,678 Personal Services Limitation authority in FY2006-07.

The Governor's recommendation includes funding for these requests.

Workers' Compensation Court –

The Governor's budget recommendation includes a base adjustment related to one-time computer programming costs. The Governor's recommendation includes

\$596,865 Cash Funds in FY2005-06 and an offsetting Cash Fund reduction of \$596,865 in FY2006-07.

Transportation

Motor Vehicles, Department of –

The Department requested \$1,100,000 Cash Funds in FY2005-06 to provide a fiscal year cash flow adjustment for license plate production.

The Governor's recommendation includes funding for this request.

State Employee Health Benefits

During the 2005 legislative session the Legislature provided additional funding to agencies to finance the estimated increase in employer costs for the State employee health insurance plan. The Department of Administrative Services has since finalized the health insurance plans and estimated premiums necessary to finance the program for the 2006 plan year. Substantially higher premiums than those included during the 2005 legislative session are necessary to adequately fund the current plan.

The Governor's recommendation includes the additional state agency funding necessary to finance the State's portion of the increased health benefit costs for FY2005-06 and FY2006-07. The amounts added to agency budgets to fund the State portion of the increase are as follows:

	<u>FY2005-06</u>	<u>FY2006-07</u>
General Funds	\$2,479,006	\$5,271,696
Cash Funds	\$1,422,027	\$3,023,991
Federal Funds	\$1,025,013	\$2,179,720
Revolving Funds	\$177,308	\$377,050
Total	\$5,103,354	\$10,852,457

**Summary of
Mid-Biennium
Budget
Adjustments**

Mid-Biennium Budget Adjustments

Ag#	Agency Name	Prog#	Program Name	Description	Fund	FY2005-06 Agency Request	FY2005-06 Recommendation	FY2006-07 Agency Request	FY2006-07 Recommendation
5	Supreme Court	052	Court Operations	Court Interpreter Services	General	30,100	30,100	30,100	30,100
5	Supreme Court	052	Court Operations	Mileage reimbursement rate change	General	94,263	0	94,263	0
5	Supreme Court	052	Court Operations	Mileage reimbursement rate change	Cash	21,413	0	21,413	0
5	Supreme Court	052	Court Operations	County Court recording equipment	General	29,583	29,583	0	0
5	Supreme Court	052	Court Operations	Retirement Payouts	General	113,181	113,181	0	0
5	Supreme Court	052	Court Operations	Retirement Payouts	PSL	99,930	99,930	0	0
5	Supreme Court	052	Court Operations	Allow Transfer of General Fund appropriations between Programs 052 and 067			Yes		Yes
5	Supreme Court	067	Probation	Mileage reimbursement rate change	General	44,867	0	44,867	0
5	Supreme Court	067	Probation	TSB vehicle rate change	General	22,951	0	34,487	0
5	Supreme Court	067	Probation	Retirement Payouts	General	12,424	0	0	0
5	Supreme Court	067	Probation	Retirement Payouts	PSL	10,790	0	0	0
5	Supreme Court	067	Probation	Transfer 10 Spec. Subst. Abuse Probation Officers to Probation Comm. Corrections	General	0	(260,490)	0	(529,870)
5	Supreme Court	067	Probation	Transfer 10 Spec. Subst. Abuse Probation Officers to Probation Comm. Corrections	PSL	0	(167,750)	0	(346,390)
5	Supreme Court	435	Community Corrections	Community Corrections Operations Transfer (2.0 / 2.0 FTE)	General	112,182	112,182	175,827	175,827
5	Supreme Court	435	Community Corrections	Community Corrections Operations Transfer (2.0 / 2.0 FTE)	PSL	77,403	77,403	122,678	122,678
5	Supreme Court	435	Community Corrections	Transfer 10 Spec. Subst. Abuse Probation Officers to Probation Comm. Corrections	General	0	260,490	0	529,870
5	Supreme Court	435	Community Corrections	Transfer 10 Spec. Subst. Abuse Probation Officers to Probation Comm. Corrections	PSL	0	167,750	0	346,390
9	Secretary of State	086	Records Management	One State Records Board staff	Cash	84,165	0	84,165	0
9	Secretary of State	086	Records Management	One State Records Board staff	PSL	65,000	0	65,000	0
9	Secretary of State	086	Records Management	K Street Records Center - relocation of records	General	238,515	0	198,515	0
11	Attorney General	507	Interp. & Appl. Of Law	Tobacco Settlement Enforcement (1.0 / 1.0 FTE)	Cash	75,000	0	100,000	100,000
11	Attorney General	507	Interp. & Appl. Of Law	Tobacco Settlement Enforcement (1.0 / 1.0 FTE)	PSL	57,000	0	59,850	59,850
11	Attorney General	507	Interp. & Appl. Of Law	State Agency Legal Services Contracts (2.75 / 3.75 FTE)	Revolving	101,893	0	171,693	0
11	Attorney General	507	Interp. & Appl. Of Law	State Agency Legal Services Contracts (2.75 / 3.75 FTE)	PSL	81,239	0	130,540	0
11	Attorney General	507	Interp. & Appl. Of Law	Add Program Classification No. 270 and budget request intent language			Yes		Yes
11	Attorney General	507	Interp. & Appl. Of Law	Transfer General Funds to ALR Cash Fund (Transfer Request Only)	General	0	0	(135,735)	0
11	Attorney General	508	School Finance Litigation	Adjust Base for one-time litigation costs	General	0	1,470,000	0	(1,470,000)

Mid-Biennium Budget Adjustments

Ag#	Agency Name	Prog#	Program Name	Description	Fund	FY2005-06 Agency Request	FY2005-06 Recommendation	FY2006-07 Agency Request	FY2006-07 Recommendation
13	Education	025	Departmental Administration	Mileage reimbursements	General	9,959	0	12,843	0
13	Education	025	Departmental Administration	One Health Services & Physical Education Consultant	General	0	0	86,385	0
13	Education	025	Departmental Administration	One Health Services & Physical Education Consultant	PSL	0	0	47,725	0
13	Education	025	Departmental Administration	One Hispanic/Latino Education Consultant	General	0	0	86,084	0
13	Education	025	Departmental Administration	One Hispanic/Latino Education Consultant	PSL	0	0	50,754	0
13	Education	025	Departmental Administration	One School Safety Consultant	General	0	0	86,084	0
13	Education	025	Departmental Administration	One School Safety Consultant	PSL	0	0	50,754	0
13	Education	025	Departmental Administration	One Visual & Performing Arts Consultant	General	0	0	86,385	0
13	Education	025	Departmental Administration	One Visual & Performing Arts Consultant	PSL	0	0	47,725	0
13	Education	025	Departmental Administration	Two American Indian Education staff	General	0	0	146,094	0
13	Education	025	Departmental Administration	Two American Indian Education staff	PSL	0	0	98,186	0
13	Education	025	Departmental Administration	Increased employer contribution, School Employees Retirement participants	General	7,022	0	7,210	0
13	Education	025	Departmental Administration	Distance learning, statewide K-12 Technology Infrastructure Upgrade	General	0	0	3,761,600	0
13	Education	158	Education Aid	High Ability Learners Aid distribution error	General	18,853	0	0	0
13	Education	158	Education Aid	Restore Enrollment Option Transportation funding	General	375,249	0	0	0
13	Education	158	Education Aid	Revised TEEOSA Aid Estimate	General	0	0	0	(15,735,671)
14	Public Service Comm.	054	Enf of Stds-Common Carriers	Legal services from Attorney General	General	0	0	20,883	0
14	Public Service Comm.	686	Universal Service Fund	Legal services from Attorney General	Cash	0	0	29,986	0
14	Public Service Comm.	790	State Natural Gas Regulation Act	Legal services from Attorney General	Cash	0	0	2,677	0
16	Revenue	108	Homestead Exemption	Homestead exemption reimbursement to political subdivisions	General	907,000	907,000	0	907,000
20	HHS-Regulation	179	Public Health Operations	Transfer PSL from HHS-Services	PSL	137,000	137,000	137,000	137,000
21	State Fire Marshal	193	Public Protection	SLEBC / Management Salary Compression Pay Equity	General	0	0	0	20,385
21	State Fire Marshal	193	Public Protection	SLEBC / Management Salary Compression Pay Equity	Cash	0	0	0	2,040
21	State Fire Marshal	193	Public Protection	SLEBC / Management Salary Compression Pay Equity	PSL	0	0	0	19,476
24	Motor Vehicles	090	License Plates	License plate production	Cash	1,100,000	1,100,000	0	0
25	HHS-Services	033	Administration	Federal Medical Assistance Percentage change	General	0	0	141,129	141,129
25	HHS-Services	033	Administration	Federal Medical Assistance Percentage change	Federal	0	0	(141,129)	(141,129)

Mid-Biennium Budget Adjustments

Ag#	Agency Name	Prog#	Program Name	Description	Fund	FY2005-06 Agency Request	FY2005-06 Recommendation	FY2006-07 Agency Request	FY2006-07 Recommendation
25	HHS-Services	033	Administration	Transfer PSL to HHS-Regulation	PSL	(137,000)	(137,000)	(137,000)	(137,000)
25	HHS-Services	033	Administration	Annualize HRC base transfer request-Behavioral Health reform	General	0	0	0	674,766
25	HHS-Services	033	Administration	Annualize HRC base transfer request-Behavioral Health reform	PSL	0	0	0	117,000
25	HHS-Services	033	Administration	Part D Eligibility Determination	General	0	(242,244)	0	(577,585)
25	HHS-Services	033	Administration	Part D Eligibility Determination	Federal	0	(242,244)	0	(577,585)
25	HHS-Services	033	Administration	Part D Eligibility Determination	PSL	0	(285,420)	0	(856,260)
25	HHS-Services	039	Protection & Safety of Children	Correction to LB425, Section 102 for reappropriation	General	Yes	Yes	Yes	Yes
25	HHS-Services	039	Protection & Safety of Children	Correction to LB425, Section 102 for reappropriation	Cash	Yes	Yes	Yes	Yes
25	HHS-Services	250	Juvenile Services	DAS Energy Surcharge	General	0	118,971	0	0
25	HHS-Services	250	Juvenile Services	DAS Energy Surcharge	Cash	0	4,175	0	0
25	HHS-Services	250	Juvenile Services	DAS Energy Surcharge	Federal	0	6,979	0	0
25	HHS-Services	365	Mental Health/Regional Centers	DAS Energy Surcharge	General	0	427,703	0	0
25	HHS-Services	365	Mental Health/Regional Centers	DAS Energy Surcharge	Cash	0	34,567	0	0
25	HHS-Services	365	Mental Health/Regional Centers	DAS Energy Surcharge	Federal	0	68,978	0	0
25	HHS-Services	365	Mental Health/Regional Centers	Federal Medical Assistance Percentage change	General	0	0	44,028	44,028
25	HHS-Services	365	Mental Health/Regional Centers	Federal Medical Assistance Percentage change	Federal	0	0	(44,028)	(44,028)
25	HHS-Services	365	Mental Health/Regional Centers	Annualize HRC base transfer request-Behavioral Health reform	General	0	0	0	(2,720,500)
25	HHS-Services	365	Mental Health/Regional Centers	Annualize HRC base transfer request-Behavioral Health reform	PSL	0	0	0	(117,000)
25	HHS-Services	421	Beatrice St Developmental Center	DAS Energy Surcharge	General	0	97,561	0	0
25	HHS-Services	421	Beatrice St Developmental Center	DAS Energy Surcharge	Cash	0	22,017	0	0
25	HHS-Services	421	Beatrice St Developmental Center	DAS Energy Surcharge	Federal	0	137,635	0	0
25	HHS-Services	421	Beatrice St Developmental Center	Federal Medical Assistance Percentage change	General	0	0	628,850	628,850
25	HHS-Services	421	Beatrice St Developmental Center	Federal Medical Assistance Percentage change	Federal	0	0	(628,850)	(628,850)
25	HHS-Services	519	Nebraska Veterans' Homes	DAS Energy Surcharge	General	0	104,314	0	0
25	HHS-Services	519	Nebraska Veterans' Homes	DAS Energy Surcharge	Cash	0	85,132	0	0
25	HHS-Services	519	Nebraska Veterans' Homes	DAS Energy Surcharge	Federal	0	62,428	0	0
25	HHS-Services	924	HHSS Parking Lots	Change in intent langage in LB424, Sec 10	NCCF	Yes	Yes		

Mid-Biennium Budget Adjustments

Ag#	Agency Name	Prog#	Program Name	Description	Fund	FY2005-06 Agency Request	FY2005-06 Recommendation	FY2006-07 Agency Request	FY2006-07 Recommendation
26	HHS-Finance	038	Behavioral Health Aid	Federal Medical Assistance Percentage change	General	0	0	138,034	138,034
26	HHS-Finance	038	Behavioral Health Aid	Federal Medical Assistance Percentage change	Federal	0	0	(138,034)	(138,034)
26	HHS-Finance	038	Behavioral Health Aid	Annualize HRC base transfer request-Behavioral Health reform	General	0	0	0	2,045,734
26	HHS-Finance	175	Med Student Assistance Program	Funding for mental health students	Cash	0	0	60,000	60,000
26	HHS-Finance	344	Children's Health Insurance	Federal Medical Assistance Percentage change	General	0	0	578,361	578,361
26	HHS-Finance	344	Children's Health Insurance	Federal Medical Assistance Percentage change	Federal	0	0	(578,361)	(578,361)
26	HHS-Finance	344	Children's Health Insurance	Rebase CHIP program appropriation based on year-to-date analysis	General	0	(900,000)	0	(1,250,000)
26	HHS-Finance	347	Public Assistance	Federal Medical Assistance Percentage change	General	0	0	384,111	384,111
26	HHS-Finance	347	Public Assistance	Federal Medical Assistance Percentage change	Federal	0	0	(384,111)	(384,111)
26	HHS-Finance	348	Medicaid	Federal Medical Assistance Percentage change	General	0	0	17,813,350	17,813,350
26	HHS-Finance	348	Medicaid	Federal Medical Assistance Percentage change	Federal	0	0	(17,813,350)	(17,813,350)
26	HHS-Finance	348	Medicaid	Rebase Medicaid program appropriation based on year-to-date analysis	General	0	(1,500,000)	0	(5,700,000)
26	HHS-Finance	424	Developmental Disability Aid	Federal Medical Assistance Percentage change	General	0	0	2,265,089	2,265,089
26	HHS-Finance	424	Developmental Disability Aid	Federal Medical Assistance Percentage change	Federal	0	0	(2,265,089)	(2,265,089)
26	HHS-Finance	502	Public Health Aid	Technical earmark correction - Community Health Centers					Yes
29	Natural Resources	310	Water Policy Resource Fund	Integrated Water Mgmt - Operations	General	0	0	1,100,000	849,318
29	Natural Resources	310	Water Policy Resource Fund	Integrated Water Mgmt - Platte River Cooprtive Agreement	General	0	0	400,000	400,000
29	Natural Resources	310	Water Policy Resource Fund	Integrated Water Mgmt - NRD aid	General	0	0	2,000,000	2,000,000
29	Natural Resources	310	Water Policy Resource Fund	Integrated Water Mgmt - PSL	PSL	0	0	411,000	312,500
31	Military	544	National & State Guard	Fully fund Facility and Operations Maintenance Agreement	General	42,400	42,400	0	0
31	Military	544	National & State Guard	Fully fund Facility and Operations Maintenance Agreement	Federal	127,200	127,200	0	0
33	Game & Parks Comm.	336	Wildlife Conservation	SLEBC / Management Salary Compression Pay Equity	General	0	0	0	3,058
33	Game & Parks Comm.	336	Wildlife Conservation	SLEBC / Management Salary Compression Pay Equity	Cash	0	0	0	17,329
33	Game & Parks Comm.	336	Wildlife Conservation	SLEBC / Management Salary Compression Pay Equity	PSL	0	0	0	17,706
34	Library Commission	302	Library Development	Online information database subscriptions licenses	General	0	0	325,000	0
37	Workers' Comp. Court	530	Court Administration	Adjust Base for one-time computer programming costs	Cash	0	596,865	0	(596,865)
41	Real Estate Commission	077	Real Estate Standards	Licensure examinations	Cash	22,500	22,500	0	(22,500)

Mid-Biennium Budget Adjustments

Ag#	Agency Name	Prog#	Program Name	Description	Fund	FY2005-06 Agency Request	FY2005-06 Recommendation	FY2006-07 Agency Request	FY2006-07 Recommendation
46	Corrections	200	Adult Services	Reduce FY 05 Unobligated GF Reappropriation	General	0	(4,220,990)	0	0
46	Corrections	200	Adult Services	Projected department budget savings	General	0	(4,500,000)	0	(4,500,000)
46	Corrections	200	Adult Services	Adjust Approp. Based on FY 05 Actual Cash Fund Revenues	General	0	(3,231,923)	0	(1,096,199)
46	Corrections	200	Adult Services	Adjust Approp. Based on FY 05 Actual Cash Fund Revenues	Cash	0	3,231,923	0	1,096,199
46	Corrections	200	Adult Services	Reduce Federal Fund Approp. For Obsolete Program Classification No. 875	Federal	0	(4,839,393)	0	(5,435,736)
46	Corrections	200	Adult Services	Reduce PSL For Obsolete Program Classification No. 875	PSL	0	(2,973,377)	0	(3,352,368)
46	Corrections	200	Adult Services	Strike obsolete Program Classification No. 875--Hastings INS Facility			Yes		Yes
46	Corrections	919	Drug Treatment Facility	Prepare Program Statement-Drug Treatment Facility (Meth Study)	SBF	0	0	0	45,000
47	Educational Television	533	Educational Television	Closed Captioning Costs per FCC regulations	General	30,733	22,424	45,866	44,890
47	Educational Television	533	Educational Television	Closed Captioning Costs per FCC regulations	Cash	0	509	0	976
47	Educational Television	533	Educational Television	LB1100 depreciation assessment costs for Carpenter Building renovation	General	0	0	2,500	2,500
47	Educational Television	533	Educational Television	Utilities - Steam and Electrical costs	General	28,325	0	56,650	0
47	Educational Television	905	KLNE Lexington Transmitter	Lapse unnecessary funds	SBF	0	(153,320)	0	0
47	Educational Television	906	LMNE Bassett Transmitter	Lapse unnecessary funds	SBF	0	(79,186)	0	0
48	Postsecondary Coord.	640	Administration	Additional funding for participation in Nebraska's P-16 initiative	General	5,000	0	5,000	0
48	Postsecondary Coord.	640	Administration	Health benefit costs	General	8,500	0	8,500	0
48	Postsecondary Coord.	640	Administration	One Research Officer-Database Analyst	General	0	0	82,000	0
48	Postsecondary Coord.	640	Administration	One Research Officer-Database Analyst	PSL	0	0	66,500	0
48	Postsecondary Coord.	690	Nebraska Scholarship Program	Increase financial aid	General	0	0	1,200,000	0
48	Postsecondary Coord.	690	Nebraska Scholarship Program	Need-based financial aid, appropriate cash balance carryover	Cash	50,000	50,000	0	0
50	State Colleges	048	Board Office	Utilities - Natural Gas & Oil costs	General	424,744	0	424,744	0
50	State Colleges	048	Board Office	Continue additional planning for South Sioux City educational facility	SBF	0	0	194,400	0
51	University of Nebraska	781	University w/ Curtis	Environmental cleanup - ARDC near Mead	General	1,178,649	0	5,751,870	0
51	University of Nebraska	781	University w/ Curtis	Environmental cleanup - ARDC near Mead	Trust	0	3,000,000	0	0
51	University of Nebraska	781	University w/ Curtis	Utilities - Energy costs	General	6,447,489	0	6,447,489	0
51	University of Nebraska	781	University w/ Curtis	Nebraska P-16 Initiative	General	0	0	0	100,000
54	Historical Society	648	Historical Society	Increased obligations under the Unmarked Human Burials Act	General	23,000	23,000	23,000	23,000

Mid-Biennium Budget Adjustments

Ag#	Agency Name	Prog#	Program Name	Description	Fund	FY2005-06 Agency Request	FY2005-06 Recommendation	FY2006-07 Agency Request	FY2006-07 Recommendation
54	Historical Society	648	Historical Society	Headquarters Renovation	SBF	0	0	2,626,009	0
57	Oil & Gas Commission	335	Oil & Gas Commission	Satellite data-based photo geological study of the state	Cash	26,000	0	0	0
59	Board of Geologists	159	Enforcement of Standards	Consultant for statute changes	Cash	27,000	0	0	0
64	State Patrol	100	Public Protection	Gasoline costs	General	332,500	189,781	332,500	111,055
64	State Patrol	100	Public Protection	Sex Offender Registry staff - replace federal funds	General	92,800	92,800	150,025	150,025
64	State Patrol	100	Public Protection	Sex Offender Registry staff - replace federal funds	PSL	74,250	74,250	120,350	120,350
64	State Patrol	100	Public Protection	SLEBC / Management Salary Compression Pay Equity	General	0	0	277,450	277,450
64	State Patrol	100	Public Protection	SLEBC / Management Salary Compression Pay Equity	PSL	0	0	238,256	238,256
64	State Patrol	100	Public Protection	Criminal Identification Division rental costs	Cash	150,000	150,000	150,000	150,000
64	State Patrol	100	Public Protection	Utilize one-time excess Cash Fund Balances	General	0	(500,000)	0	0
64	State Patrol	100	Public Protection	Utilize one-time excess Cash Fund Balances	Cash	0	500,000	0	0
64	State Patrol	205	Carrier Enforcement	SLEBC / Management Salary Compression Pay Equity	Cash	0	0	25,884	25,884
64	State Patrol	205	Carrier Enforcement	SLEBC / Management Salary Compression Pay Equity	PSL	0	0	22,227	22,227
64	State Patrol	325	Operational Improvements	Adjust Base for one-time Cash Fund hangar costs	Cash	0	44,700	0	(44,700)
64	State Patrol	325	Operational Improvements	Technical language change--Show estimates for AFIS Earmarks			Yes		Yes
64	State Patrol	630	State Capitol Security	Correct fund allocation consistent with transfers	General	0	(19,383)	0	(43,407)
64	State Patrol	630	State Capitol Security	Correct fund allocation consistent with transfers	Cash	0	19,383	0	43,407
65	Admin Services	180	Transportation Services Bureau	Gasoline costs	Revolving	551,689	551,689	827,533	827,533
65	Admin Services	245	Public Safety Comm. System	Public Safety Communication System	General	0	150,000	0	850,000
65	Admin Services	245	Public Safety Comm. System	Public Safety Communication System	Federal	0	150,000	0	1,350,000
65	Admin Services	560	Building Division	Carryover maintenance projects	Revolving	3,000,000	1,600,000	0	0
65	Admin Services	560	Building Division	Utilities - Natural Gas	Revolving	1,390,488	1,390,488	1,390,488	0
65	Admin Services	615	Foster Care System Study	Foster Care system study	General	0	0	0	500,000
65	Admin Services	685	Capitol Commission	Utilities - Natural Gas	General	343,939	343,939	343,939	0
65	Admin Services	901	Capitol Improvements	Utilities - Natural Gas, use FY07 capitol improvements appropriation	SBF	0	0	0	(343,939)
69	Arts Council	326	Arts Promotion/Development	Computer Replacements, 5 each year	General	9,596	0	9,596	0
69	Arts Council	326	Arts Promotion/Development	Email standard and purchase Blackberry's	General	12,210	0	10,896	0

Mid-Biennium Budget Adjustments

Ag#	Agency Name	Prog#	Program Name	Description	Fund	FY2005-06 Agency Request	FY2005-06 Recommendation	FY2006-07 Agency Request	FY2006-07 Recommendation
69	Arts Council	326	Arts Promotion/Development	Health benefits care coverage change	General	1,311	0	2,248	0
69	Arts Council	326	Arts Promotion/Development	Mileage reimbursements	General	1,649	0	1,649	0
69	Arts Council	326	Arts Promotion/Development	Rewrite E-grant	General	0	0	108,000	0
70	Foster Care Review	116	Foster Care Review	Five Review Specialists	General	0	0	181,600	0
70	Foster Care Review	116	Foster Care Review	Five Review Specialists	Federal	0	0	82,545	0
70	Foster Care Review	116	Foster Care Review	Five Review Specialists	PSL	0	0	157,894	0
70	Foster Care Review	116	Foster Care Review	Health benefits costs	General	6,930	0	13,860	0
70	Foster Care Review	116	Foster Care Review	Health benefits costs	Federal	3,150	0	6,300	0
70	Foster Care Review	116	Foster Care Review	One Placement Officer	General	0	0	36,320	0
70	Foster Care Review	116	Foster Care Review	One Placement Officer	Federal	0	0	16,509	0
70	Foster Care Review	116	Foster Care Review	One Placement Officer	PSL	0	0	31,578	0
70	Foster Care Review	116	Foster Care Review	One Review Specialist Supervisor	General	0	0	42,346	0
70	Foster Care Review	116	Foster Care Review	One Review Specialist Supervisor	Federal	0	0	19,248	0
70	Foster Care Review	116	Foster Care Review	One Review Specialist Supervisor	PSL	0	0	38,323	0
70	Foster Care Review	116	Foster Care Review	N-Focus administration (3.0 FTE)	General	0	0	88,610	0
70	Foster Care Review	116	Foster Care Review	N-Focus administration (3.0 FTE)	Federal	0	0	40,277	0
70	Foster Care Review	116	Foster Care Review	N-Focus administration (3.0 FTE)	PSL	0	0	66,648	0
75	Investment Council	610	Investments Administration	New State Investment Officer recruitment	Cash	10,000	10,000	0	0
78	Crime Commission	199	Law Enforcement Training Center	Training Center Contingency Language if LB 429 does not pass	General	Yes	Yes	Yes	Yes
78	Crime Commission	199	Law Enforcement Training Center	Training Center Contingency Language if LB 429 does not pass	Cash	Yes	Yes	Yes	Yes
78	Crime Commission	199	Law Enforcement Training Center	Student records database changes	Cash	100,000	100,000	0	0
78	Crime Commission	199	Law Enforcement Training Center	Technical language change--equipment fund and depreciation earmarks			Yes		Yes
78	Crime Commission	220	Community Corrections Council	Community Corrections Operations Transfer	General	(112,182)	(112,182)	(175,827)	(175,827)
78	Crime Commission	220	Community Corrections Council	Technical PSL Base Correction	PSL	0	(20,910)	0	(20,126)
81	Blind/Visually Impaired	357	Blind/Visually Impaired	Replace federal funds	General	444,882	0	562,483	0
81	Blind/Visually Impaired	357	Blind/Visually Impaired	Replace federal funds	Federal	(330,170)	0	(375,517)	0
83	Community Colleges	151	Aid to Community Colleges	Fully fund Aid to Community Colleges formula component	General	0	0	2,466,275	0

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Ag#	Agency Name	Prog#	Program Name	Description	Fund	FY2005-06 Agency Request	FY2005-06 Recommendation	FY2006-07 Agency Request	FY2006-07 Recommendation
83	Community Colleges	152	Property Tax Relief/Equalization	Fully fund Property Tax Relief & Equalization Aid formula component	General	0	0	22,501,033	0
84	Environmental Quality	513	Administration	Spending authority to meet Superfund nonfederal cost share requirements	Cash	394,484	394,484	1,726,000	1,726,000
85	Retirement Systems	042	Board Member Expenses	Board Member special projects/meetings per diem expenses	PSL	2,200	2,200	2,200	2,200
85	Retirement Systems	515	Public Employees Retirement	State School Plan, annual increase, 7/10 of 1% state contribution	General	0	0	271,302	271,302
85	Retirement Systems	515	Public Employees Retirement	Actuarial valuation - overfunding of School Employees' retirement plan	General	0	0	(1,705,118)	(1,705,118)
85	Retirement Systems	515	Public Employees Retirement	Actuarial valuation - overfunding of State Patrol retirement plan	General	0	0	(41,402)	(41,402)
85	Retirement Systems	515	Public Employees Retirement	Class V System, annual increase, 7/10 of 1% state contribution	General	0	0	128,144	128,144
85	Retirement Systems	515	Public Employees Retirement	Class V System, annual increase, service annuity state contribution	General	0	0	79,375	79,375
94	Public Advocacy	425	Operations	Attorney salary increases (3%)	Cash	0	0	23,707	0
94	Public Advocacy	425	Operations	Attorney salary increases (3%)	PSL	0	0	18,521	0
94	Public Advocacy	425	Operations	Error Correction--Repeal Laws 2005, LB 348A, Sec. 6	Cash	0	(74,481)	0	(74,481)
98	Enterprise-Wide	998	Enterprise Issues	Employee health insurance premiums	General	0	2,479,006	0	5,271,696
98	Enterprise-Wide	998	Enterprise Issues	Employee health insurance premiums	Cash	0	1,422,027	0	3,023,991
98	Enterprise-Wide	998	Enterprise Issues	Employee health insurance premiums	Federal	0	1,025,013	0	2,179,720
98	Enterprise-Wide	998	Enterprise Issues	Employee health insurance premiums	Revolving	0	177,308	0	377,050
Appropriations									
General						11,338,624	(4,251,787)	70,422,502	1,892,868
SBF						0	0	2,820,409	(298,939)
GF Total						11,338,624	(4,251,787)	73,242,911	1,593,929
Cash						2,060,562	7,713,801	2,223,832	5,507,280
Federal						(199,820)	(3,503,404)	(22,203,590)	(24,476,553)
Revolving						5,044,070	3,719,485	2,389,714	1,204,583
Trust						0	3,000,000	0	0
Total						18,243,436	6,678,095	55,652,867	(16,170,761)
PSL						467,812	(3,025,924)	1,846,709	(3,313,511)
Reappropriations									
General						0	(4,220,990)	0	0
SBF						0	(232,506)	0	0
GF Total						0	(4,453,496)	0	0
Revenue									
General						0	0	(135,735)	0

Mid-Biennium Budget Adjustments Requiring Legislation

Ag#	Agency Name	Prog#	Program Name	Description	Fund	FY2005-06 Recommendation	FY2006-07 Recommendation
LB _____							
				Income Tax Relief - Roll back income tax rates to 1997 levels	General	0	(63,185,000)
LB _____							
				Sales Tax Relief - Exempt construction labor and home repair services from sales tax	General	0	(16,141,000)
LB _____							
13	Education	158	Education Aid	Property Tax Relief - Accelerate TEEOSA levy limit reduction	General	0	26,700,000
LB _____							
11	Attorney General	507	Interp. & Appl. Of Law	Create State Settlement Cash Fund and State Settlement Trust Fund		Yes	Yes
				Transfer Child Protection Cash Fund balance to ALR Cash Fund	Cash	0	(45,912)
				Transfer Reports & Opinions Cash Fund balance to ALR Cash Fund	Cash	0	(7,228)
				Transfer from DMV Cash Fund to ALR Cash Fund	Cash	0	(82,595)
				Transfers to ALR Cash Fund	Cash	0	135,735
				Transfer earned interest from Low-Level Waste Settlement Fund to General fund	General	45,481	0
LB _____							
				HHS-Regulation & Licensure - Vital Statistics fee increase revenue	Cash	0	578,268
LB _____							
28	Veterans' Affairs	900	Veteran Cemetery System	Veterans' Cemetery System - 10% reimbursable upfront construction costs	SBF	0	75,000
28	Veterans' Affairs	900	Veteran Cemetery System	Veterans' Cemetery System - 10% reimbursable upfront construction costs	Cash	0	75,000
LB _____							
31	Military	906	Joint Operations Center--NEMA	Extend sunset dates		Yes	Yes
LB _____							
31	Military	545	NEMA	Calibration of Radiological Instruments Legislation	Cash	0	7,000
LB _____							
65	Admin Services	536	Miscellaneous Claims	2006 Claims Bill	General	68,197	0
65	Admin Services	591	Tort Claims	2006 Claims Bill	Cash	150,000	0

Appropriations

General	68,197	26,700,000
SBF	0	75,000
GF Total	<u>68,197</u>	<u>26,775,000</u>
Cash	150,000	82,000
Total	<u>218,197</u>	<u>26,857,000</u>

Revenue

General	45,481	(79,326,000)
Cash	0	578,268
Total	<u>45,481</u>	<u>(78,747,732)</u>

Appendices



Budget Division Staff and Their Agency Assignments

Gerry Oligmueller, State Budget Administrator

Lyn Heaton, Deputy State Budget Administrator

Analysts and Their Agency Assignments

Gary Bush – Barber Examiners, Employees Retirement Board, Engineers & Architects, Examiners Abstracters, Geologists, Investment Council, Land Surveyors, Landscape Architects, Public Accountancy, Racing Commission, Real Estate Appraiser Board, Real Estate Commission

Lyn Heaton – Property Assessment & Taxation, Revenue, State Treasurer, Tax Equalization & Review

Elton Larson – Accountability and Disclosure, Auditor of Public Accounts, Foster Care Review Board, Governor, Health & Human Services, Health & Human Services – Finance & Support, Health & Human Services – Regulation & Licensure, Legislative Council, Lieutenant Governor, Secretary of State, Veterans' Affairs

Bill Lock – Property Assessment & Taxation staff consulted for State and local finance issues

Mike Rindone – Department of Administrative Services – Building Division staff consulted for capital construction related issues

Rich Robinson – Aeronautics, Attorney General, Board of Pardons, Correctional Services, Crime Commission, Electrical Board, Equal Opportunity Commission, Fire Marshal, Industrial Relations, Military Department, Motor Vehicles, Motor Vehicle Licensing Board, Public Advocacy Commission, Roads, State Patrol, Supreme Court, Workers' Compensation Court

Mike Salzwedel – Agriculture, Brand Committee, Corn Board, Dairy Industry Development Board, Dry Bean Commission, Educational Lands & Funds, Environmental Quality, Ethanol Board, Game & Parks Commission, Grain Sorghum Board, Natural Resources, Oil & Gas Commission, Power Review Board, State Board of Agriculture, Wheat Board

William Scheideler – Arts Council, Blind & Visually Impaired, Deaf & Hard of Hearing, Education, Historical Society, Indian Commission, Library Commission, Mexican American Commission, Women's Commission

Dave Spatz – Dave is on military leave.

Dave Wagaman – Community College Aid, Coordinating Commission for Postsecondary Education, Educational Telecommunications Commission, State College System, University Systemwide

Joe Wilcox – Administrative Services, Banking, Economic Development, Insurance, Labor, Liquor Control Commission, Public Service Commission, Rural Development Commission

Support Staff

Betty Hladky, Business Manager



State Agencies

(In Alphabetical Order)

- | | |
|--|---|
| 66 Abstracters, Board of Examiners | 62 Land Surveyors |
| 87 Accountability & Disclosure Comm. | 73 Landscape Architects |
| 65 Administrative Services, Department of | 03 Legislative Council |
| 17 Aeronautics, Department of | 34 Library Commission, Nebraska |
| 18 Agriculture, Department of | 08 Lieutenant Governor |
| 52 Agriculture, State Board of | 35 Liquor Control Commission |
| 69 Arts Council, Nebraska | 68 Mexican-American Commission |
| 11 Attorney General | 31 Military Department |
| 10 Auditor of Public Accounts | 40 Motor Vehicle Industry Licensing Board |
| 19 Banking and Finance, Department of | 24 Motor Vehicles, Department of |
| 45 Barber Examiners, Board of | 29 Natural Resources, Dept. of |
| 81 Blind and Visually Impaired, Comm. for | 57 Oil & Gas Commission |
| 39 Brand Committee, Nebraska | 15 Parole Board |
| 83 Community College Aid | 48 Postsecondary Educ., Coord. Comm. for |
| 88 Corn Board, Nebraska | 74 Power Review Board |
| 46 Correctional Services, Department of | 96 Property Assessment & Taxation, Dept. of |
| 78 Criminal Justice, Comm. on Law
Enforcement & | 63 Public Accountancy, Board of |
| 61 Dairy Industry Development Board, NE | 94 Public Advocacy, Nebraska Comm. on |
| 82 Deaf & Hard of Hearing, Comm. for the | 14 Public Service Commission |
| 86 Dry Bean Commission | 36 Racing Commission |
| 72 Economic Development, Department of | 53 Real Estate Appraiser Board |
| 13 Education, Department of | 41 Real Estate Commission |
| 32 Educational Lands & Funds, Board of | 85 Retirement Systems, NE Public Employees' |
| 47 Educational Telecomm. Comm., NE | 16 Revenue, Department of |
| 30 Electrical Board, Nebraska | 27 Roads, Department of |
| 58 Engineers & Architects | 09 Secretary of State |
| 84 Environmental Quality, Department of | 50 State College System |
| 67 Equal Opportunity Commission | 64 State Patrol, Nebraska |
| 60 Ethanol Board, Nebraska | 05 Supreme Court |
| 21 Fire Marshal, State | 93 Tax Equalization & Review Commission |
| 70 Foster Care Review Board, State | 12 Treasurer, State |
| 33 Game & Parks Commission | 51 University of Nebraska System |
| 59 Geologists, Board of | 28 Veterans' Affairs, Department of |
| 07 Governor | 56 Wheat Board, Nebraska |
| 92 Grain Sorghum Board | 38 Women's Commission |
| 26 HHS—Finance & Support | 37 Workers' Compensation Court |
| 25 HHS—Health & Human Services | |
| 20 HHS—Regulation & Licensure | |
| 54 Historical Society, Nebraska State | |
| 76 Indian Affairs, Commission on | |
| 77 Industrial Relations, Commission of | |
| 22 Insurance, Department of | |
| 75 Investment Council, Nebraska | |
| 23 Labor, Department of | |