

Nebraska Association of School Boards

State Budget Presentation
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June 18, 2005

Total State Budget Overview

Appropriations

- FY2005-06 Total appropriation growth excluding LLRW is 7.6%
- FY2006-07 Total appropriation growth excluding LLRW is 6.8%
- General Fund/SBF represent about 46% of total State budget
- Cash Funds are used to account for revenues such as university and state college tuition and fees, hunting/fishing permits, highway revenues, and inspection, regulatory, and license fees.
- At last count there were over 250 individual cash funds in 71 different agencies.
- Revolving Funds generally involve one agency providing goods or services to another.

<u>Fund</u>	<u>FY05-06</u>	<u>FY06-07</u>
General Fund	2,949,088,588	3,141,446,704
State Building Fund	23,350,481	21,350,531
Cash Funds	1,405,948,535	1,400,558,557
Federal Funds	1,946,223,632	2,048,300,961
Revolving Funds	<u>202,361,733</u>	<u>204,069,998</u>
Grand Total	6,526,972,969	6,815,726,751

General Fund Budget Overview

Appropriations

- FY2005-06 General Fund appropriation growth is 7.8%
- FY2006-07 General Fund appropriation growth is 6.4%
- Of 80 state agencies, 54 receive some level of General Fund support

<u>Fund</u>	<u>FY05-06</u>	<u>FY06-07</u>
General Fund	2,949,088,588	3,141,446,704
State Building Fund	<u>23,350,481</u>	<u>21,350,531</u>
GF Total	2,972,439,069	3,162,797,235

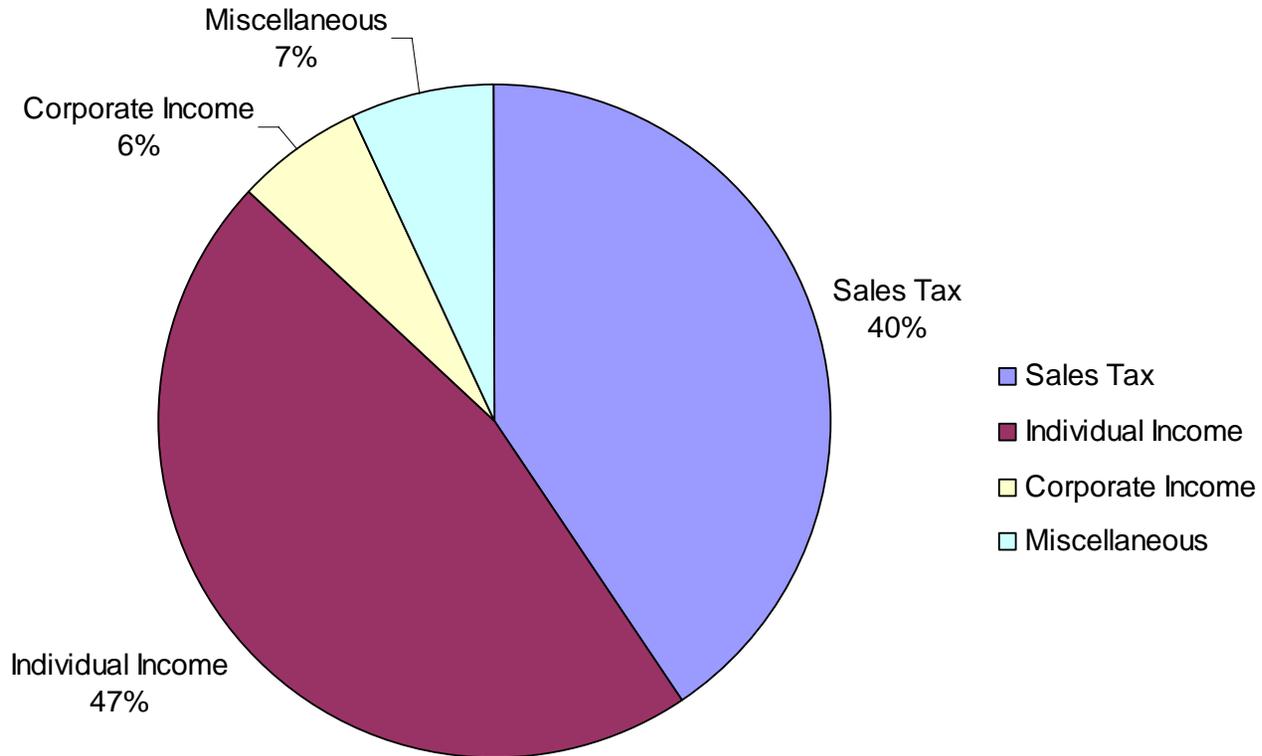
Revenue

- FY2005-06 projected General Fund revenue growth is 3.45% (nominal)
- FY2006-07 projected General Fund revenue growth is 3.56% (nominal)

<u>Revenue Category</u>	<u>FY05-06</u>	<u>FY06-07</u>
Sales Tax	1,251,982,000	1,303,230,000
Individual Income	1,439,900,000	1,517,335,000
Corporate Income	186,000,000	178,453,000
Miscellaneous	<u>214,375,890</u>	<u>203,275,458</u>
Grand Total	3,092,257,890	3,202,293,458

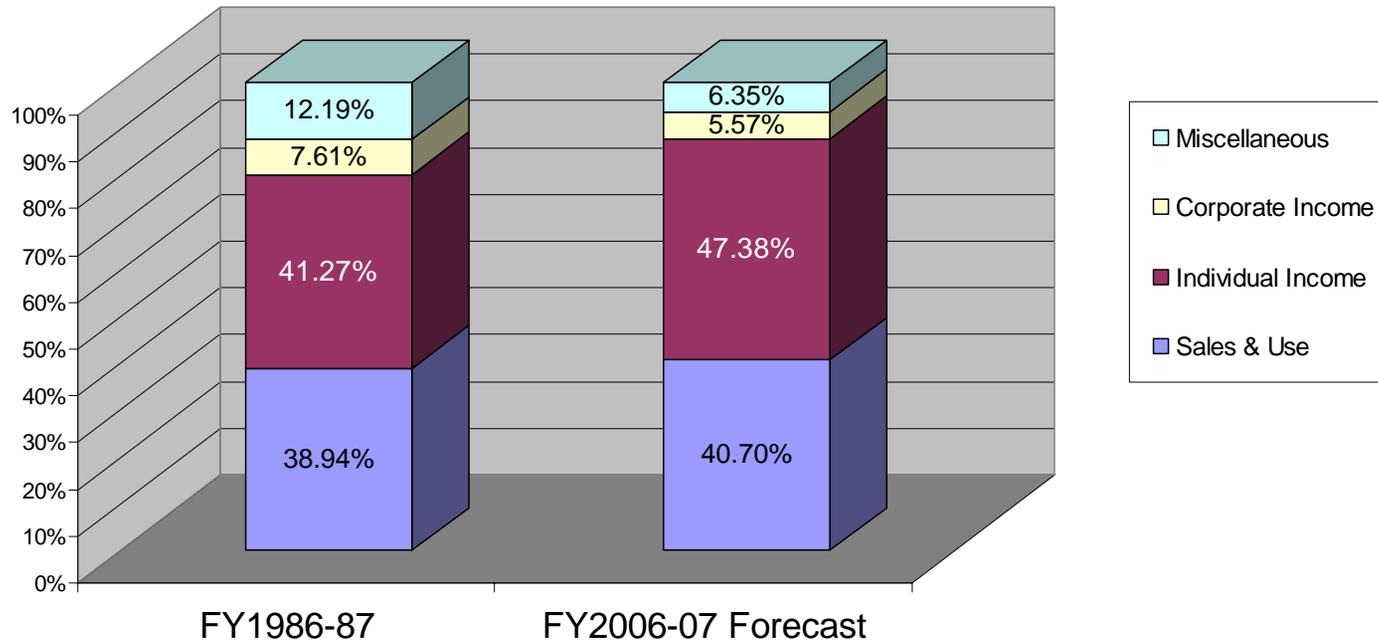
General Fund Budget Overview

General Fund Revenue FY 2005-06



General Fund Budget Overview

General Fund Tax Receipts FY 1986-87 and FY 2006-07



- Average annual General Fund revenue growth from FY 1986-87 through FY 2006-07 equals 6.6% (nominal)
- Average annual General Fund revenue growth since FY 1981-82 adjusted for rate and base changes equals 5.2%

Major Areas of General Fund Spending

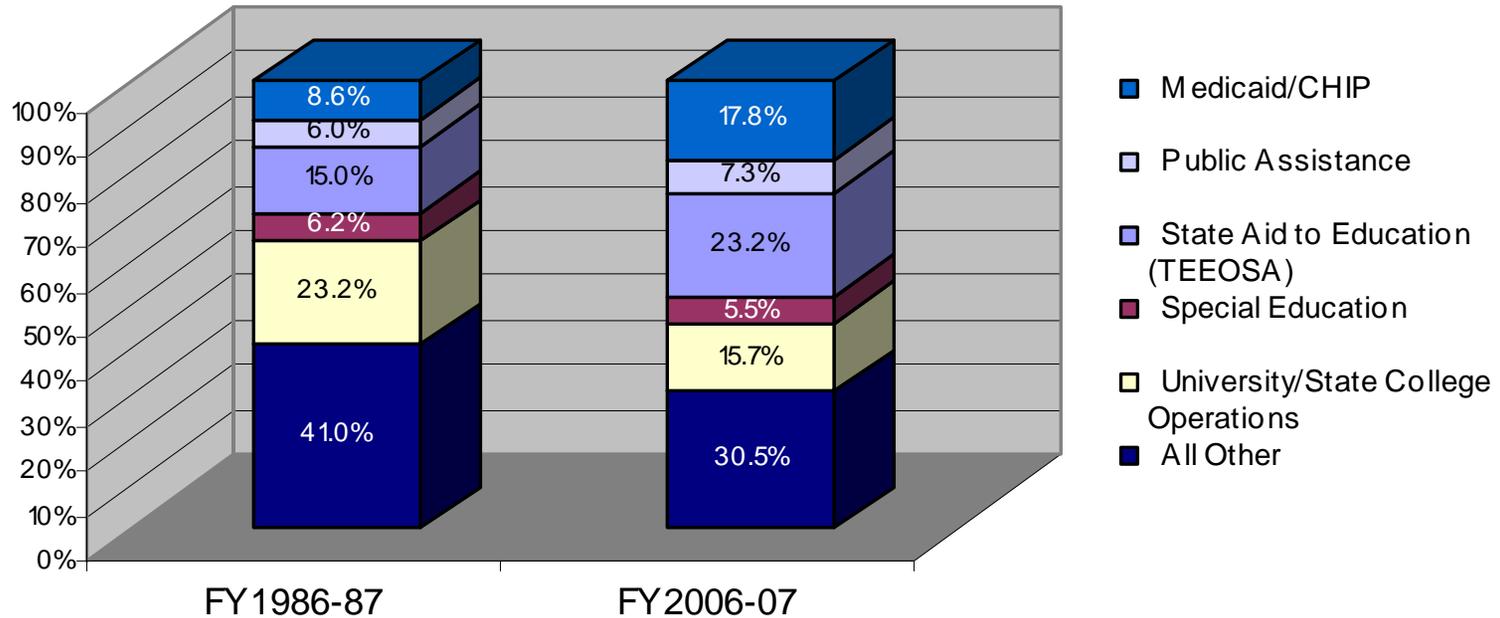
	2004 Session FY2004-05 Appropriations	2005 Session FY06 v. FY05 \$ Chg	2005 Session FY07 v. FY05 \$ Chg	2005 Session FY2005-06 Appropriations	2005 Session FY2006-07 Appropriations	2005 Session FY06 v. FY05 Annual % Chg	2005 Session FY07 v. FY06 Annual % Chg
Major Increases							
K-12 Education	824,470,870	74,493,618	145,887,180	898,964,488	970,358,050	9.0%	7.9%
--Percent of State Total	29.9%	34.8%	36.0%	30.2%	30.7%		
Higher Education	512,221,921	36,891,594	67,110,513	549,113,515	579,332,434	7.2%	5.5%
--Percent of State Total	18.6%	17.2%	16.6%	18.5%	18.3%		
Human Services	977,024,338	65,444,572	147,103,662	1,042,468,910	1,124,128,000	6.7%	7.8%
--Percent of State Total	35.4%	30.5%	36.3%	35.1%	35.5%		
Public Safety	188,202,839	11,137,190	18,283,636	199,340,029	206,486,475	5.9%	3.6%
--Percent of State Total	6.8%	5.2%	4.5%	6.7%	6.5%		
Subtotal	2,501,919,968	187,966,974	378,384,991	2,689,886,942	2,880,304,959	7.5%	7.1%
Percent of State Total	90.7%	87.7%	93.5%	90.5%	91.1%		
Other	256,162,756	26,389,371	26,329,520	282,552,127	282,492,276	10.3%	0.0%
--Percent of State Total	9.3%	12.3%	6.5%	9.5%	8.9%		
State Total	2,758,082,724	214,356,345	404,714,511	2,972,439,069	3,162,797,235	7.8%	6.4%

- K-12 Education – 29.4% of the budget accounts for 35% of the FY 2005-06 increase
- Human Services (including Medicaid & Public Assistance) – 35.4% of the budget accounts for 30% of the FY 2005-06 increase

The largest areas of the budget are consuming the vast majority of the available revenue annually. This will ultimately lead to a squeeze on the ability of the General Fund to finance many other programs.

Historical General Fund Appropriations

General Fund Appropriations
FY 1986-87 and FY 2006-07



▪ Average annual growth since FY 1986-87 equals 6.9%

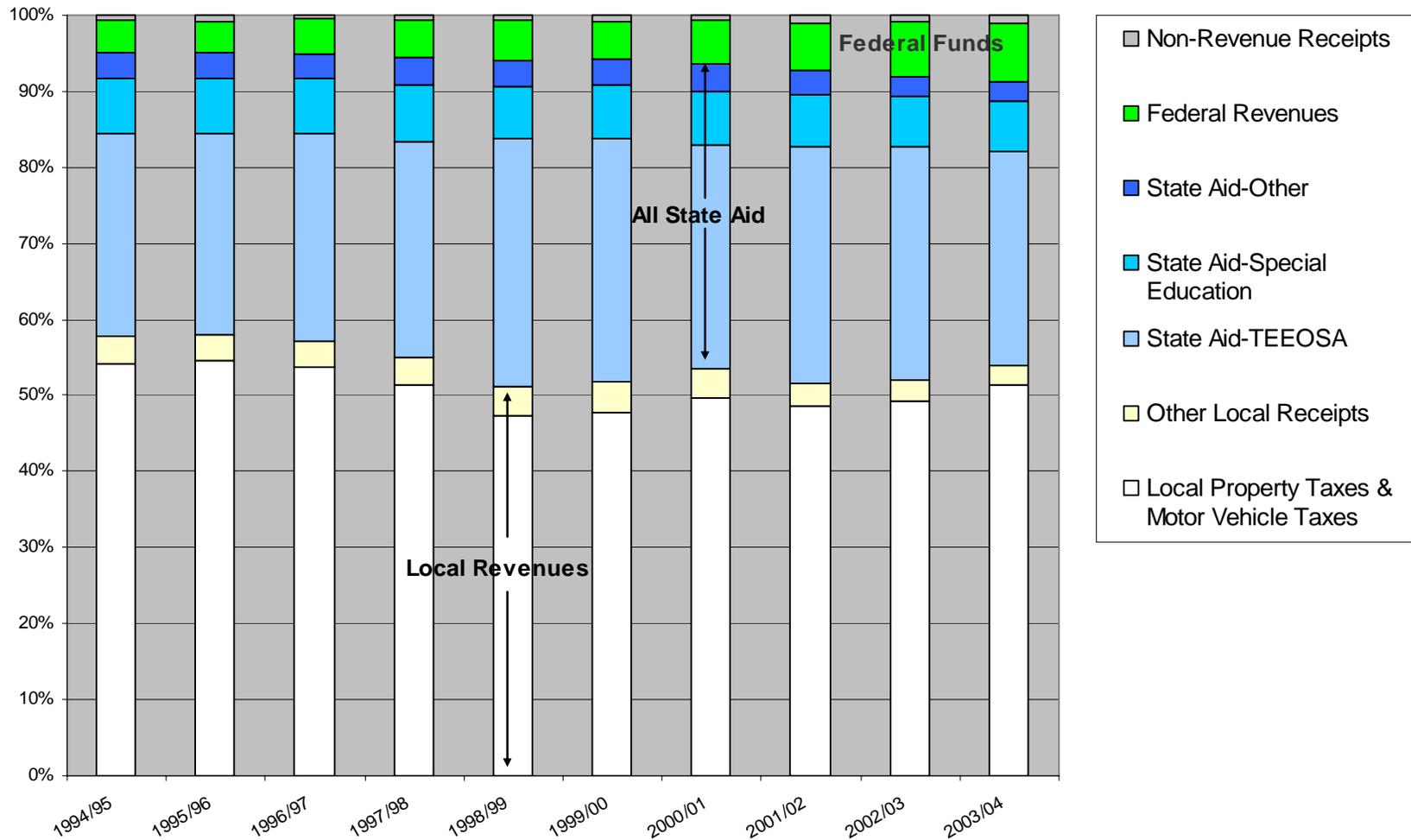
- State Aid to Education (TEEOSA) – 9.2%
- Special Education – 6.3%
- Medicaid/CHIP – 10.8%
- Public Assistance – 7.2%
- University/State College Operations – 4.8%

Focus on K-12 Education

	2004 Session FY2004-05 Appropriations	2005 Session FY06 v. FY05 \$ Chg	2005 Session FY07 v. FY05 \$ Chg	2005 Session FY2005-06 Appropriations	2005 Session FY2006-07 Appropriations	2005 Session FY06 v. FY05 Annual % Chg	2005 Session FY07 v. FY06 Annual % Chg
<u>K-12 Education</u>							
Department of Education Operations	14,167,103	582,601	979,941	14,749,704	15,147,044	4.1%	2.7%
State Aid to Schools	618,568,757	64,904,424	115,486,506	683,473,181	734,055,263	10.5%	7.4%
Rural Education Transition	0	0	650,000	0	650,000	N/A	N/A
Special Education	161,146,721	8,057,336	13,133,458	169,204,057	174,280,179	5.0%	3.0%
School Lunch	421,087	0	0	421,087	421,087	0.0%	0.0%
School Breakfast	271,378	0	0	271,378	271,378	0.0%	0.0%
Textbook Loans	351,259	68,741	68,741	420,000	420,000	19.6%	0.0%
ESU Core Services/Tech.	10,564,913	132,062	267,425	10,696,975	10,832,338	1.3%	1.3%
Gifted Education	2,336,921	0	0	2,336,921	2,336,921	0.0%	0.0%
Teachers Retirement	16,642,731	748,454	15,301,109	17,391,185	31,943,840	4.5%	83.7%
Subtotal	824,470,870	74,493,618	145,887,180	898,964,488	970,358,050	9.0%	7.9%
<u>Other Education Aid</u>							
Early Childhood Programs	2,097,180	1,583,291	1,583,291	3,680,471	3,680,471	75.5%	0.0%
State Ward Education	15,972,000	1,097,200	2,854,120	17,069,200	18,826,120	6.9%	10.3%
Grand Total	842,540,050	77,174,109	150,324,591	919,714,159	992,864,641	9.2%	8.0%

Focus on K-12 Education

Local Public School Revenues - Nebraska



Focus on K-12 Education

Local Public School Revenues - Nebraska

Revenue Source	10 Yrs Prior 1993/94	5 Yrs Prior 1998/99	2001/02	2002/03	2003/04	10-Year Avg % Change
Local Receipts:						
Local Property Taxes & Motor Vehicle Taxes	739,461,963	861,424,579	1,008,505,761	1,057,258,272	1,169,826,716	4.7%
<i>% of All School Receipts</i>	52.2%	47.4%	48.5%	49.2%	51.4%	
Other Local Receipts	50,670,534	66,874,781	64,941,963	60,266,570	60,433,144	1.8%
Total Local Receipts	790,132,497	928,299,360	1,073,447,724	1,117,524,842	1,230,259,860	4.5%
<i>% of All School Receipts</i>	55.8%	51.1%	51.6%	52.0%	54.0%	
State Receipts:						
State Aid-TEEOSA	381,263,964	593,242,222	646,875,612	661,940,176	640,573,231	5.3%
<i>% of All School Receipts</i>	26.9%	32.6%	31.1%	30.8%	28.1%	
State Aid-Special Education	97,360,632	125,484,137	141,661,131	139,347,690	149,352,511	4.4%
State Aid-Other	64,324,657	61,454,379	65,267,014	58,820,924	58,649,195	-0.9%
Total State Receipts	542,949,253	780,180,738	853,803,757	860,108,790	848,574,937	4.6%
<i>% of All School Receipts</i>	38.3%	42.9%	41.1%	40.0%	37.3%	
Federal Receipts:						
Total Federal Receipts	66,290,992	98,824,655	129,094,121	155,068,679	168,226,192	9.8%
<i>% of All School Receipts</i>	4.7%	5.4%	6.2%	7.2%	7.4%	
Non-Revenue Receipts:						
	17,587,317	10,560,623	22,452,305	16,834,266	29,107,979	5.2%
<i>% of All School Receipts</i>	1.2%	0.6%	1.1%	0.8%	1.3%	
TOTAL RECEIPTS	1,416,960,058	1,817,865,376	2,078,797,908	2,149,536,577	2,276,168,969	4.9%

Focus on Medicaid

WHAT IS MEDICAID?

--The Programs--

- ◆ A chronic and long-term care program for low income seniors and persons with disabilities
- ◆ A supplement to Medicare for this same population
- ◆ An insurance-like program for low income pregnant women, children and some parents
- ◆ A funding source for safety net hospitals and community health centers that serves a disproportionately high share of uninsured persons

Focus on Medicaid

WHAT IS MEDICAID? --The National Numbers--

\$329 billion in 2005 expenditures (projected)

- ◆ Larger than Medicare
- ◆ Largest single health and long-term care program in the U.S.

Often perceived as a program for poor families with children

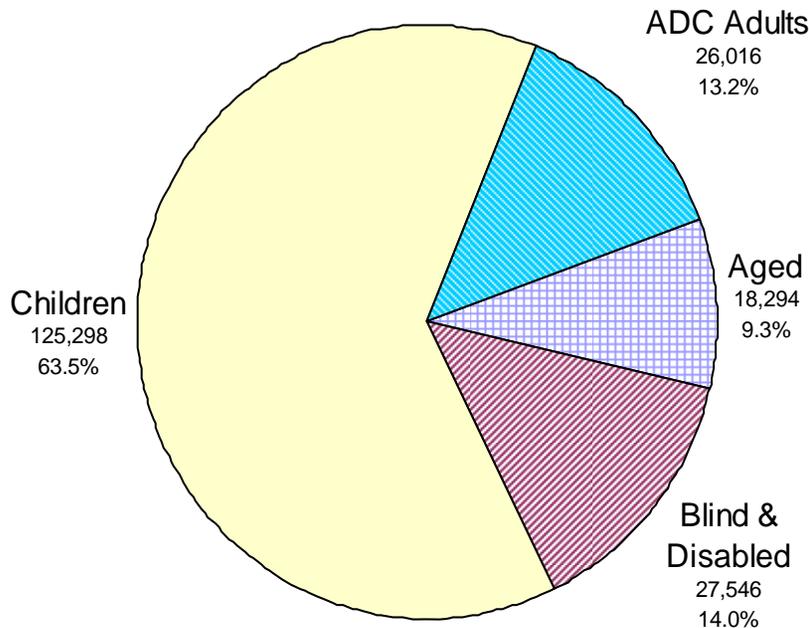
- ◆ True, based on the number of eligible children & caretakers
- ◆ Not true, based on expenditures

Focus on Medicaid

NEBRASKA MEDICAID AVERAGE MONTHLY ELIGIBLE PERSONS BY CATEGORY

State Fiscal Year 2004

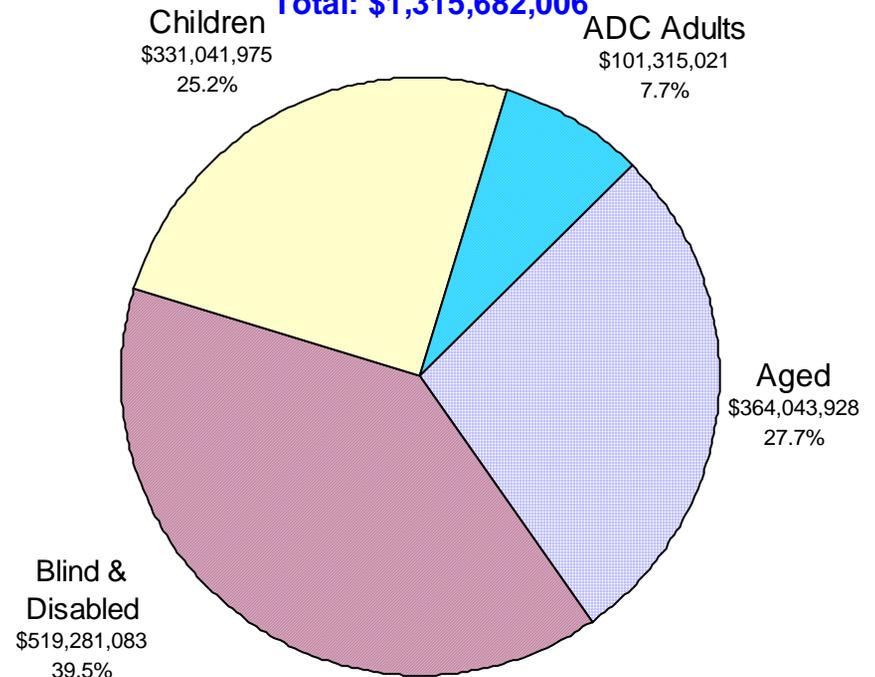
Total: 197,154



NEBRASKA MEDICAID VENDOR EXPENDITURES BY ELIGIBILITY

State Fiscal Year 2004

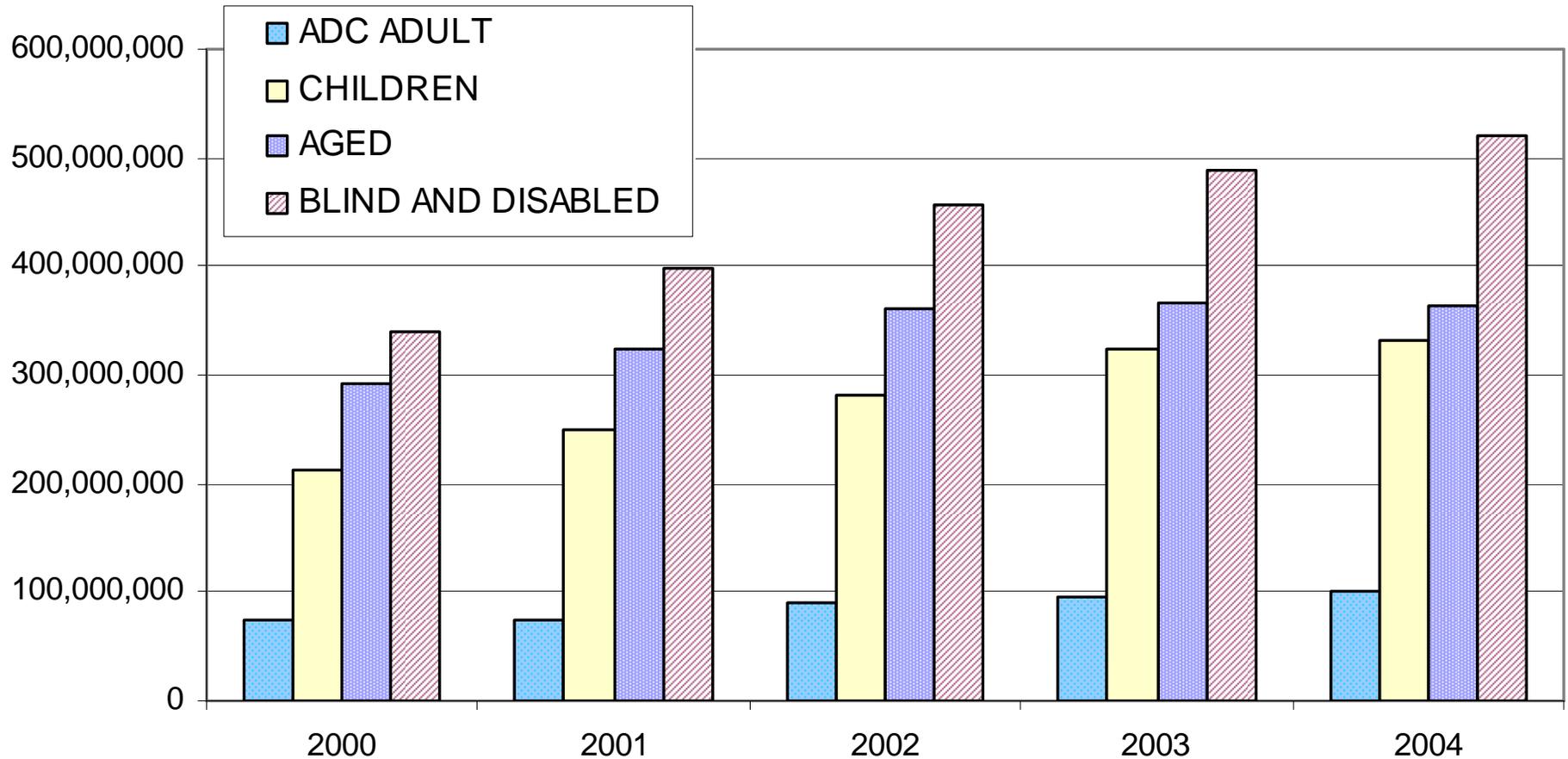
Total: \$1,315,682,006



\$1,315,682,006 Vendor Payments
 30,979,784 DSH/Rate Adjustments
 17,964,700 Medicare Premiums
 51,946,216 Intergovernmental Transfer (IGT)
 59,389,057 Other Payments (MC, Transport, FICA)
 (53,437,158) Rebates/Refunds
 (78,305,364) GF Paid in Other Budget Programs
\$1,344,219,241 Net Program 344/348 Expenditures

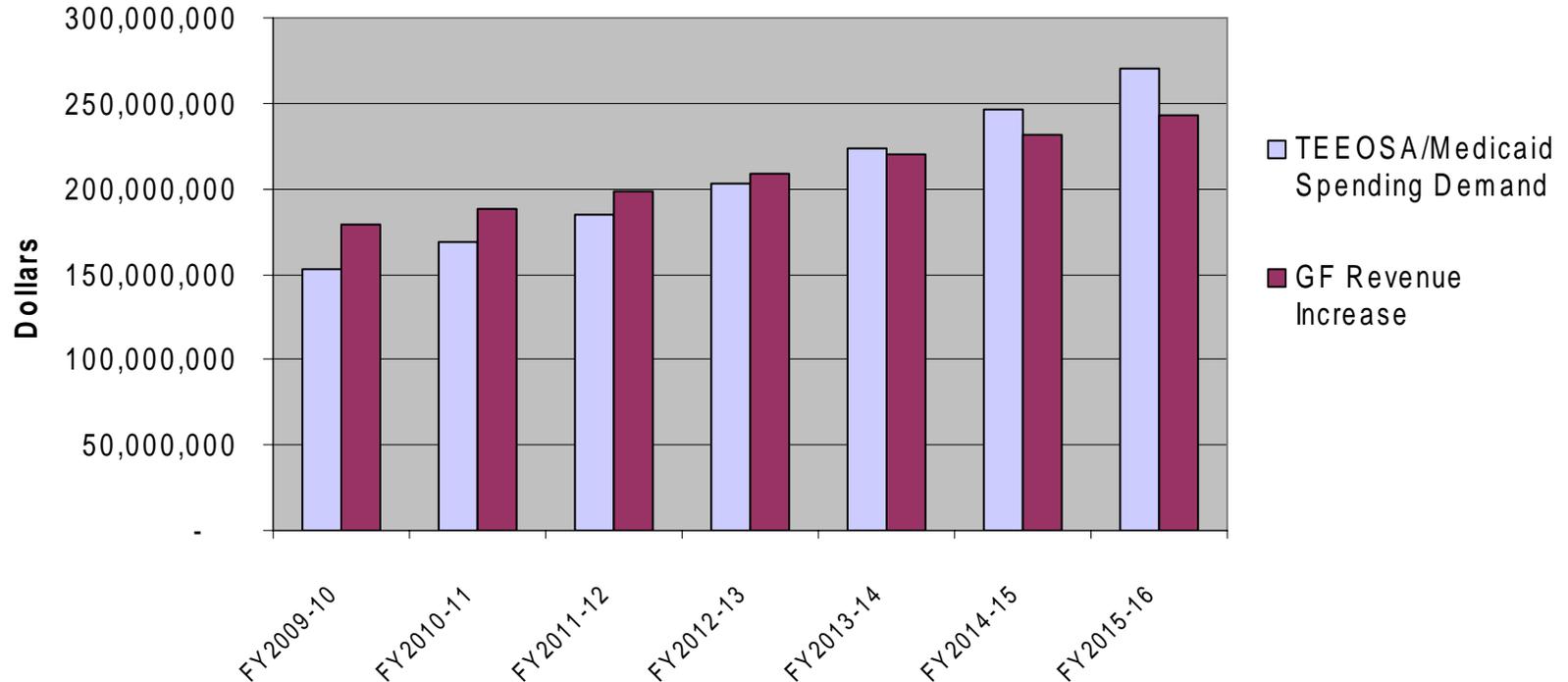
Focus on Medicaid

Nebraska Medicaid Expenditures by Eligibility Category SFY 2000-2004



General Fund Outlook

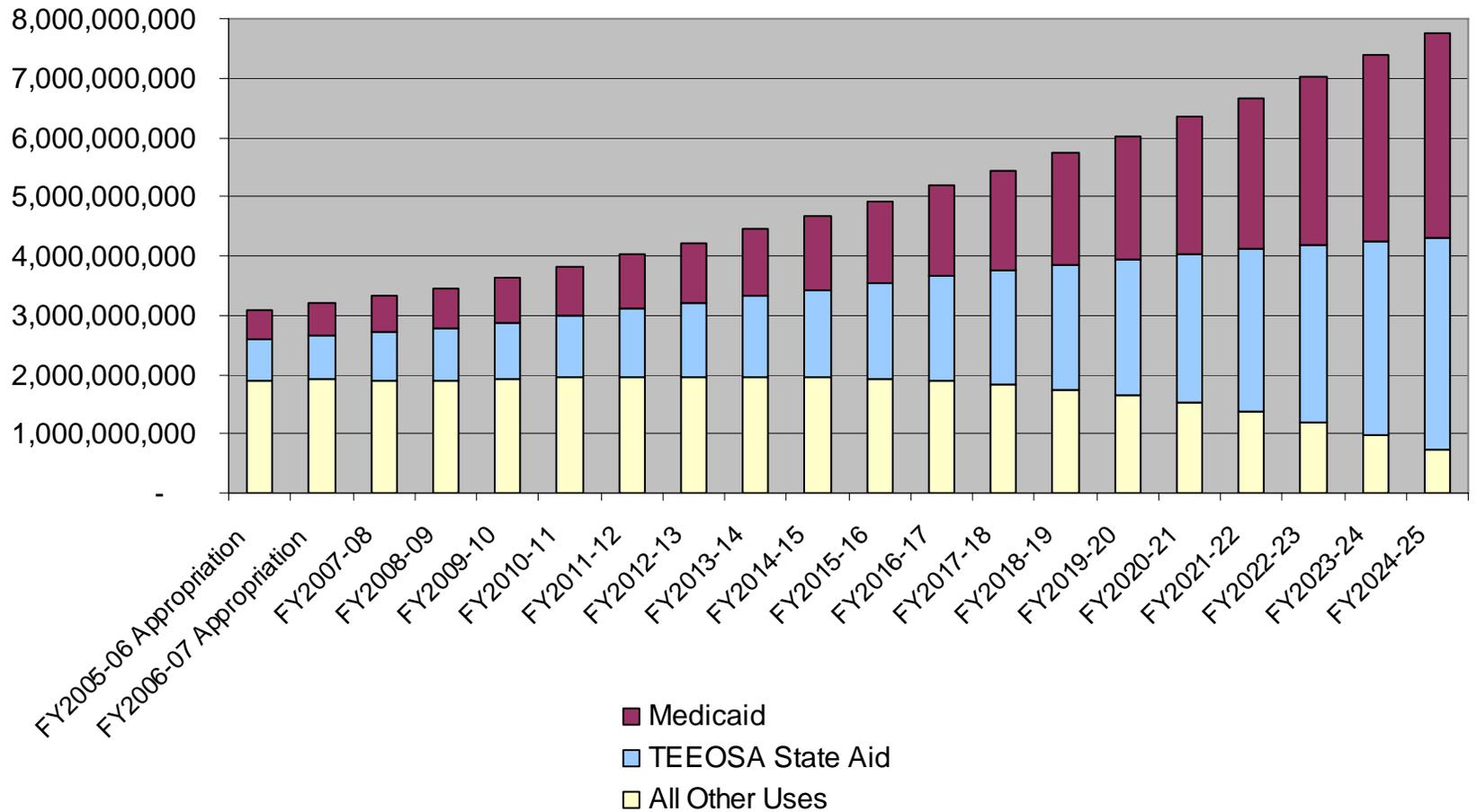
GF Revenue Growth vs. TEEOSA/Medicaid Growth



- In FY 2013-14 GF tax receipts are estimated to increase \$220 million while TEEOSA and Medicaid spending is estimated to increase \$224 million

General Fund Outlook

Projected Use of General Fund Receipts FY 2005-06 through FY 2024-25





State Public Policy and Finance

Resources – Needs = Change