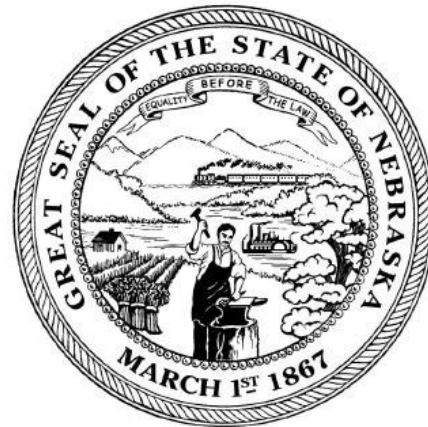


State of Nebraska



Executive Budget Presentation 2021 – 2023 Biennium



Pete Ricketts
Governor

January 14, 2021

2021 - 2023 Biennium Budget Overview

- \$1.36 Billion Direct Property Tax Relief
- No Tax Increases
- Investing in Public Safety
- Providing Educational Opportunities
- Prepared 2021-2023 Biennial budget within the tax receipt forecasts provided by the Nebraska Economic Forecasting Advisory Board
- Two-year average increase of 1.5% in General Fund appropriations for the 2021-2023 Biennium over FY 2020-21 appropriations

FY 2020-21 Deficit Issues

Property Tax Cash Reserve Fund Trigger (*LB 1107*)

\$88 Million transfer to the Cash Reserve Fund facilitates an additional \$173.4 Million for the biennium

- Total of **\$597 Million** in property tax relief (*LB 1107*)

CARES Act Presumed Payroll

\$49.9 Million reduction for public safety staff eligible for federal Coronavirus Relief Fund reimbursement

HHS Unobligated Carryover Lapse

\$61.3 Million lapse of FY 2019-20 appropriation carryover that remains unobligated in FY 2020-21

Liquor Control Commission Licensing System

\$4 Million to replace the State's alcoholic beverage licensing system software

2021 - 2023 Budget - Tax Relief

\$1.36 Billion direct property tax relief for the Biennium

Property Tax Incentive Credit (LB 1107): \$597 Million

Property Tax Credit Relief Fund: \$550 Million

Homestead Exemption: \$214 Million

Veteran-Friendly Nebraska

Covering over 13,000 military veterans, we will increase the exemption from 50% to 100% of military retirement pay from Nebraska income tax

Neighboring states: North Dakota, South Dakota, Minnesota, Iowa, Kansas, Wyoming, and Missouri already implemented this practice

2021 - 2023 Budget Priorities

K-12 Financing

Fully Funding TEEOSA School Aid

Record \$1.1 Billion – a 4.2% increase (or \$42.7 Million) for the biennium in additional State support for K-12 schools

Special Education

Funding increased \$4.6 Million, a 2% increase over the biennium

Investing in Corrections

\$230 Million investment over five years to replace the decaying Nebraska State Penitentiary

Public Safety Staffing increases of \$12.8 Million total
General Fund investment

Improving Information Technology support with a \$1.7 Million total General Fund investment

2021 - 2023 Budget - Higher Ed Funding

Higher Education

(General Fund Operations)

University of Nebraska

- \$639.5 Million FY 2022-23 Recommendation
- \$12.3 Million, or 2% annual increase in FY 2021-22
- \$25 Million, or 4% increase FY 2022-23 over FY 2020-21
 - \$123.9 Million in total State General Funds for next 30 years for facility programs within the University

State Colleges

- \$58.7 Million FY 2022-23 Recommendation
 - \$1.6 Million, or 2.8% annual increase in FY 2021-22
 - \$3.2 Million, or 5.7% increase FY 2022-23 over FY 2020-21
-

Community College System Aid

- \$107.7 Million FY 2022-23 Recommendation
- \$2.1 Million, or 2% annual increase in FY 2021-22
- \$4.2 Million, or 4% increase FY 2022-23 over FY 2020-21

2021 - 2023 Budget – HHS Funding

Department of Health and Human Services

Operations (General Funds)

- \$257.1 Million FY 2022-23 Recommendation
- \$2 Million, or 0.8%, annual increase in FY 2021-22
- \$5.6 Million, or 2.2%, increase in FY 2021-23 over FY 2020-21

State Aid (General Funds)

- \$1.5 Billion FY 2022-23 Recommendation
- \$46.2 Million, or 3.2%, annual reduction in FY 2021-22 related to the FMAP adjustment
- \$3.4 Million, or 0.2%, reduction in FY 2022-23 over FY 2020-21

Operations & Aid (All Funds)

- \$4.4 Billion FY 2021-23 Recommendation
- \$7.9 Million, or 0.2%, annual increase in FY 2021-22
- \$95.3 Million, or 2.2%, increase in FY 2022-23 over FY 2020-21

2021 - 2023 Budget – Educational Opportunities

Higher Education Scholarships

- *Nebraska Career Scholarships* : \$20 Million investment for public universities, state colleges, and community colleges
- *Private Non-Profit Scholarships*: \$3 Million investment for private non-profit institutions in Nebraska

K-12 Opportunities

- *K-12 Opportunity Scholarships* : \$4 Million investment for low-income students to receive scholarships to attend a private school
- *Textbook Loan Program*: \$3 Million investment for the textbook loan program for private school and home school students

2021 - 2023 Appropriation Summary

FY 2021-22 compared to the FY 2020-21 base

- \$49.4 Million reduction
 - \$55.2 Million reduction – Gov. Emergency Fund Base
 - \$34.5 Million reduction – FMAP adjustment
 - \$11.4 Million increase – TEEOSA School Aid
- 1% annual reduction

FY 2022-23 compared to FY 2021-22

- \$127.4 Million increase
 - \$38.9 Million increase – Medicaid Utilization
 - \$31.3 Million increase – TEEOSA School Aid
- 2.7% annual increase

2021-23 Biennium

- \$78 Million over the unadjusted FY 2020-21 base
 - \$42.7 Million increase – TEEOSA School Aid
- 2 Year Average: 1.5% Annual Growth

2021 - 2023 Budget Summary

- No Tax Increases
- Increased Direct Property Tax Relief
- Protecting Public Safety by replacing the decaying Nebraska State Penitentiary
- Significant Investment in Higher Education Scholarships & Capital Maintenance
- Fully Financed Investment in K-12 TEEOSA School Aid and Increased Special Education by 2% for the biennium
- Two-Year Average Budget Growth of 1.5% over FY 2020-21 General Fund Base Appropriation

Legislative Initiatives – Tax Relief

Reduce Spending, Lower Property Taxes

- Provide a Constitutional Amendment to limit revenue increases by political subdivisions
- Limiting property tax revenue increases by local units of government is critical for any long-term property tax relief

Tax Relief for Military Retirees

- Exempts 100% of retirement pay for over 13,000 military retirees from Nebraska income taxes
- Allows Nebraska to remain competitive regionally and nationally when 29 states have already exempted retirement benefits from veterans

Legislative Initiatives – Connecting Nebraska to Great Opportunity

Nebraska Broadband Bridge Act

- Connect unserved and underserved Nebraskans with high-speed broadband creating significant educational and business opportunities
- \$40 Million biennial investment

Licensing Reform

- More flexibility for military spouses & healthcare workers

U.S. Space Command

- \$50 Million investment reserved to create an estimated 1,400 quality jobs and significant economic opportunity at Offutt Air Force Base

General Fund Financial Status

	Current Year	Upcoming Biennium		Following Biennium	
	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
1 Beginning Balance					
2 Beginning Cash Balance	710,599,887	593,485,028	296,035,726	335,192,137	591,000,385
3 Cash Reserve Fund Transfer-Automatic	(10,655,528)	(112,065,000)			
4 FY 2019-20 Carryover Obligations/Reappropriations	(341,227,220)				
4a Reduce FY 2019-20 reappropriations	61,300,000				
5 Allocation for potential deficits		(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
6 Unobligated Beginning Balance	420,017,139	476,420,028	291,035,726	330,192,137	586,000,385
7 Revenues					
8 Net Receipts - (Oct 2020 NEFAB; Following-LFO Hist. Avg)	5,286,000,000	4,920,000,000	5,275,000,000	5,590,000,000	5,926,000,000
9 LB 1107 Property Tax Incentive Credit Increase		(86,673,000)	(86,673,000)		
10 General Fund transfers - out (current law)	(296,300,000)	(272,500,000)	(272,500,000)	(269,200,000)	(269,200,000)
10a Continue Transfer to Water Resources Cash Fund	(3,300,000)	(3,300,000)	(3,300,000)	(3,300,000)	(3,300,000)
10b Continue Transfer to Water Sustainability Fund	(11,000,000)	(11,000,000)	(11,000,000)	(11,000,000)	(11,000,000)
11 General Fund transfers - out (new)	(88,000,000)				
12 General Fund transfers - in (usual and customary)		35,500,000	41,500,000		
13 General Fund transfers - in (new)	(2,250,000)	295,957	295,957		
14 Cash Reserve Fund transfers (current law)	30,000,000				
15 Legislation - Military Retirement Tax Benefit		(5,295,000)	(12,993,000)	(12,993,000)	(12,993,000)
16 Legislation - K-12 Scholarships		(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
17 General Fund Net Revenues	4,915,150,000	4,575,027,957	4,928,329,957	5,291,507,000	5,627,507,000
18 Appropriations					
19 Appropriations (2020) Session	4,783,766,898	4,783,766,898	4,783,766,898	4,783,766,898	4,783,766,898
20 FY 2021-23 Governor's Recommendation		(49,385,571)	78,519,052	225,044,258	375,965,221
21 FY 2021 Deficit Issues	7,797,511				
22 Public Safety Presumed Payroll Reimbursement	(49,882,298)				
23 Judge's Salaries		1,030,932	1,887,596	1,887,596	1,887,596
24 Legislation - Connecting Nebraska with Rural Broadband		20,000,000	20,000,000	20,000,000	20,000,000
25 General Fund Appropriations	4,741,682,111	4,755,412,259	4,884,173,546	5,030,698,752	5,181,619,715
26 Ending Balance					
27 Dollar ending balance	593,485,028	296,035,726	335,192,137	591,000,385	1,031,887,670
28 Minimum Biennial Reserve Requirement	-		290,818,775		327,792,412
29 Variance from Minimum Reserve	-		44,373,362		704,095,258
30 Biennial Reserve (%)	-		3.5%		10.1%
31 Annual % Change - Appropriations	5.4%	0.3%	2.7%	3.0%	3.0%
32 Two Year Average	4.2%	--	1.5%	--	3.0%
33 Annual % Change - Actual, Adj. Net Forecast Receipts (Nominal)	7.1%	-8.6%	7.3%	7.7%	6.0%
34 Two Year Average	3.9%	--	-0.9%	--	6.9%
35 Structural Receipts v. Expend./Approps.	143,467,889	(180,384,302)	44,156,411	260,808,248	445,887,285

Cash Reserve Fund Status

	Current Year	Upcoming Biennium		Following Biennium	
	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
1 Beginning Balance	426,307,702	500,263,230	506,707,230	437,597,230	360,097,230
2 Transfer Amounts Above Forecasts	10,655,528	112,065,000			
3 To/From General Fund (current law)	(30,000,000)				
4 To/From General Fund (new)	88,000,000				
5 To Nebr Capital Construction Fund (NCCF)	(54,700,000)				
6 From Governor's Emergency Cash Fund	60,000,000				
7 To NCCF for Correctional Facility		(50,000,000)	(65,000,000)	(77,500,000)	(25,000,000)
8 To Governor's Emergency Cash Fund for US SPACECOM		(50,000,000)			
9 To NCCF for Capital Projects (new)		(5,621,000)	(4,110,000)		
10 Ending Balance	500,263,230	506,707,230	437,597,230	360,097,230	335,097,230

Budget Adjustments: Major Categories

General Fund Only

	FY 2021-22 over FY 2020-21	FY 2021-22 Annual % Chg	FY 2022-23 over FY 2021-22	FY 2022-23 Annual % Chg	FY 2022-23 over FY 2020-21	FY 2022-23 % Chg over FY2020-21
Agency Operations	26,930,662.00	1.64%	38,665,120.00	2.31%	65,595,782.00	3.99%
State Aid	-71,095,748.00	-2.29%	90,590,150.00	2.99%	19,494,402.00	0.63%
Aid to Individuals	-35,842,469.00	-2.40%	48,535,161.00	3.33%	12,692,692.00	0.85%
Aid to Local Governments	-35,253,279.00	-2.20%	42,054,989.00	2.68%	6,801,710.00	0.42%
Capital Construction	-5,220,485.00	-13.52%	-1,843,566.00	-5.52%	-7,064,051.00	-18.29%
Total Appropriation Changes	-49,385,571.00	-1.03%	127,411,704.00	2.69%	78,026,133.00	1.63%

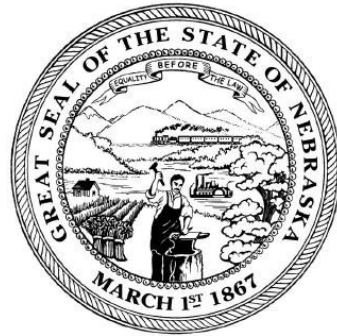
Notes:

FY 2020-21 base appropriation prior to 2021 session

State of Nebraska



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Questions and Answers?