Summary of Governor’s Recommendations
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**GROW NEBRASKA**

**TAX RELIEF**

Direct Property Tax Relief – Nebraskans have made it clear that property tax relief is critical and it will continue to be a priority consideration of the biennial state budget. The Governor is recommending $1.36 billion in direct property tax relief during the 2021-2023 Biennium. The Governor recommends $272 million be transferred from the State General Fund to the Property Tax Credit Fund to provide property taxpayers as a credit against their local property tax bills for tax years 2021 and 2022. The recommendation also includes $285.4 million in property tax incentive credits in each FY 2021-22 and FY 2022-23. Additionally, the recommendation includes $104.3 million in FY 2021-22 and $109.6 million in FY 2022-23 for relief payments under the Homestead Exemption Program. The recommendation also recognizes that the need to constrain the growth of annual tax collections by local subdivisions to continue to reduce the increase of property taxes.

Tax Relief for Military Retirees – The Governor supports income tax relief for veterans receiving military retirement income. Building on previous legislation, the Governor’s budget recommendations allow an additional $18.3 million to completely exempt military retirement income from taxation.

**CONNECTING NEBRASKANS TO OPPORTUNITIES**

Nebraska Career Scholarships – The Governor is recommending $12 million in new funding during the 2021-2023 Biennium for scholarships at our public universities, state colleges, and community colleges to focus on recruiting and graduating more students to fill high demand and high wage jobs in Nebraska.

Private Non-Profit Scholarships – The Governor is recommending $3 million in new funding during the 2021-2023 Biennium for scholarships at our private non-profit University and State Colleges to focus on recruiting students at these institutions to fill high demand and high wage jobs in Nebraska.

K-12 Opportunities – The Governor is recommending $4 million in new funding during the 2021-2023 Biennium for a tax credit for contributions to scholarship-granting organizations to provide scholarships to assist low-income students with tuition and fees to attend a private school. The recommendation also provides $2 million in additional funding for the textbook loan program for private and home school students.

United States Space Command – The Governor is recommending $50 million in funding in FY 2021-22 to support the state’s bid to house the U.S. Space Command operations at Offutt Airforce Base. It is estimated this could lead to 1,400 new jobs and immense economic opportunities.

**PROTECTING PUBLIC SAFETY**

Constructing a Correctional Facility – The recommendation includes a new five-year project to construct a $230 million multi-custody level correctional facility with capacity to house approximately 1,512 inmates (400 maximum security beds, 512 medium security beds, and 600 minimum security beds). The recommendation provides for $50 million in FY 2021-22 and $65 million in FY 2022-23, with future year costs through FY 2025-26 of $115 million.
SUMMARY OF TAX RECEIPTS FORECAST AND GOVERNOR BUDGET RECOMMENDATIONS

Tax Receipts and the Cash Reserve Fund – The Nebraska Economic Forecasting Advisory Board (NEFAB) revised its net General Fund tax receipt forecast for FY 2020-21 and established its initial forecasts for the 2021-2023 Biennium at its October 2020 meeting. The Board will meet again in February and April 2021 to update the estimate of tax receipts prior to enactment of the state budget for the upcoming biennium. The revised tax receipt forecast is $5.286 billion in FY 2020-21. The initial forecast is $4.92 billion for FY 2021-22 and $5.275 billion for FY 2022-23. The historical growth in General Fund revenue is 4.8 percent. The estimated net General Fund tax receipt growth adjusted for rate and base changes is increased by 4.3 percent and reduced by two percent for FY 2021-22 and FY 2022-23, respectively. Nominal growth in net General Fund receipt is reduced by 8.6 percent and increased by 7.3 percent for FY 2021-22 and FY 2022-23, respectively.

The FY 2019-20 actual General Fund tax receipts exceed the FY 2019-20 certified forecast by $10.7 million. This amount was transferred to the Cash Reserve Fund. The NEFAB projects that the FY 2020-21 tax receipts will exceed the current certified forecast by $285.4 million. The Governor’s recommendation provides the amount to be distributed to the property tax incentive at $173.3 million, which was passed in LB 1107 (2020 Session Laws) with $112.1 million transferred to the Cash Reserve Fund.

The Governor’s recommendation does not include transfers from the Cash Reserve Fund in the 2021-2023 Biennium to finance the ongoing costs of state government operations and aid. The recommendation does include transferring $115 million for the upcoming biennium from the Cash Reserve Fund to the Nebraska Capital Construction Fund for a new multi-custody correctional facility.

The recommendation also includes an additional transfer of $9.7 million for the 2021-2023 Biennium to finance one-time new capital construction projects. This includes a transfer of $50 million from the Cash Reserve Fund to the Governor’s Emergency Cash Fund in FY 2021-22 to support the state’s bid for the U.S. Space Command Operations.

Carryover Obligations for FY 2020-21 – The Governor’s recommendation includes a General Fund reappropriation reduction of $61.3 million within the Department of Health and Human Services to lapse unobligated funding that can be utilized for the benefit of the General Fund without impacting operations or aid programs within the agency.

Appropriations for FY 2020-21 and the 2021-2023 Biennium – The Governor’s recommendation includes a net General Fund appropriation $42.1 million reduction in FY 2020-21, including a $49.9 million reduction directly related to the presumed public safety payroll expenses financed by the Coronavirus Relief Fund. The recommendation for the 2021-2023 Biennium represent a two-year average growth in General Fund spending of 1.5 percent. Some items of specific note are highlighted below with additional information in the following pages.

School Aid and Higher Education – The Governor’s recommendation includes fully-funding the state’s primary school aid funding formula Tax Equity and Educational Opportunities Support Act (TEEOSA), with an increase of $42.7 million, a 4.2 percent increase for the biennium. This represents an increase of $11.5 million, a 1.1 percent increase in FY 2021-22 and $31.2 million, a three percent increase in FY 2022-23. In addition, the Governor is recommending a $4.6 million biennial increase for special education, which represents a two percent increase.

The recommendation fully finances with General Funds the University of Nebraska and Nebraska State College System salary and health increases and adds an additional $12 million in funding for Nebraska Career Scholarships for the University, State College, and Community College systems. Building on the success of the career scholarships, the Governor recommends $3 million in the 2021-2023 Biennium for private non-profit scholarships to fill high demand and high wage jobs in Nebraska. The recommendation also includes an additional $2 million for textbook loans for private and home school students, building on the current $465,500 General Funds currently in the FY 2020-21 appropriation.
The recommendation also includes $4.7 million in General Funds for the 2021-2023 Biennium to support the University of Nebraska’s building renewal projects. The language contained in the recommendation provides $123.9 million in total General Fund support over the next 30 years and is in addition to the funding already provided under other facilities programs to the University.

Correctional Services – The Governor’s recommendation includes $10.6 million in the 2021-2023 Biennium to finance the staffing and operating costs associated with opening the previously approved and financed correctional facilities projects begun in prior biennium periods, which will be completed in 2022. Both the Reception and Treatment Center Facility project and the Lincoln Correctional Center High Security Housing project will be ready for operation during FY 2021-22.

Other Reports – The Governor’s recommendations are detailed in the following pages. Summary tables are included in this report regarding the Governor’s recommendations. A more detailed Executive Budget, 2021–2023 Biennium, additional summary tables, and individual agency budget requests are available on the State Budget Division website at budget.nebraska.gov.

AGRICULTURE, ENVIRONMENT, AND NATURAL RESOURCES

Agriculture, Department of (18)

The Department continues to show fiscal restraint and requested a minimal increase for their FY 2021–2023 Biennium budget submission. The recommendation includes a two percent increase in General Fund appropriation in FY 2021-22 and a 3.4 percent General Fund appropriation increase in FY 2022-23 compared to the FY 2020-21 base appropriation. The agency also requested a reduction in Personal Service Limitation (PSL) by $175,286 in FY 2021-22 and FY 2022-23 to remove PSL not utilized by the agency.

Statewide Food Inspections – The recommendation includes the agency requested General Fund and cash fund appropriation increase of $25,000 in FY 2021-22 and FY 2022-23 to facilitate statewide food inspections. The Department on average inspects 10,000 food establishments across Nebraska every year, but during the COVID-19 pandemic food inspections were suspended for two months during FY 2019-20. The increase in appropriation is intended to be temporary to contract temporary staff in addressing the backlog created as a result of routine inspection work being suspended.

Reduce Revolving Fund Appropriation – The recommendation includes the agency requested reduction of revolving fund appropriation of $300,000 in FY 2021-22 and FY 2022-23. The agency has streamlined its process within the agency’s finance department to have direct allocations, while reducing the need for the use of revolving funds.

Brand Committee, Nebraska (39)

Technology Growth – The agency requested cash fund appropriation increase of $155,000 in FY 2021-22 and $95,000 in FY 2022-23 is not recommended.

The agency requested cash fund appropriation increase of $125,000 in FY 2021-22 for the development of a database and initial hardware for Electronic Inspection (E-Inspection) and $60,000 in FY 2022-23 for additional hardware, training, and enhancement costs. The E-Inspection would allow the agency to track cattle that have electronic identification (EID) tags. Also requested is $30,000 in FY 2021-22 and $35,000 in FY 2022-23 for enhancements to the Timekeeper App. The app was implemented in FY 2020-21 to track comp time usage and field staff hours electronically. The agency has sufficient base appropriation authority to accommodate these increased expenditures.
Increase Personal Service Limitation (PSL) – The recommendation does not include a cash appropriation increase of $215,648 in FY 2021-22 and $226,425 in FY 2022-23 and an increase in PSL of $158,100 in FY 2021-22 and $164,362 in FY 2022-23 to hire five full time employees. The agency has sufficient base authority to accommodate these increases.

**CORN BOARD, NEBRASKA (88)**

The recommendation for the 2021–2023 Biennium includes only those items identified as “Enterprise Issues” – Teammate Annual Salary Increases, and Health Care Premium Costs.

**DAIRY INDUSTRY DEVELOPMENT BOARD, NEBRASKA (61)**

The recommendation maintains the FY 2020-21 base appropriation for FY 2021-22 and FY 2022-23 as requested by the agency.

**DRY BEAN COMMISSION (86)**

The recommendation for the 2021–2023 Biennium includes only those items identified as “Enterprise Issues” – Teammate Annual Salary Increases, and Health Care Premium Costs.

**DRY PEA & LENTIL COMMISSION (95)**

LB 803 (2020 Session Laws) created the Dry Pea and Lentil Commission, becomes operative July 1, 2021. The recommendation includes a cash fund appropriation of $140,000 in FY 2021-22 and FY 2022-23 and $35,000 in Personal Service Limitation (PSL) both years of the biennium.

**ENVIRONMENT AND ENERGY, DEPARTMENT OF (84)**

The recommendation for the 2021–2023 Biennium includes only those items identified as “Enterprise Issues” – Teammate Annual Salary Increases, and Health Care Premium Costs.

**ETHANOL BOARD (60)**

**Reduce Personal Service Limitation (PSL)** – The recommendation includes the agency requested reduction in PSL of $21,541 in FY 2021-22 and $11,541 in FY 2022-23 to more accurately reflect the current agency staffing structure.

**Reduce Cash Fund Appropriation** – The recommendation includes the agency requested reduction to cash fund base appropriation authority by $16,470 in FY 2021-22 to align with the projected revenue.

**FAIR BOARD, STATE (52)**

The recommendation includes the agency requested $4.5 million cash fund appropriation authority financed by lottery proceeds, for both FY 2021-22 and FY 2022-23, mirroring the Board’s FY 2020-21 base appropriation.

**GAME AND PARKS COMMISSION (33)**

The recommendation includes a General Fund appropriation increase of 1.5 percent in FY 2021-22 and 2.8 percent in FY 2022-23 over the FY 2020-21 base appropriation for increases in teammate salary and health insurance cost.
**Environmental Trust Aid Increases for Grants** – The program is contained under the Nebraska Game and Parks Commission but acts autonomously. The recommendation includes an increase of $500,000 in cash fund appropriation for aid in FY 2022-23 to increase grant awards.

**Niobrara Council General Fund Needs** – The Niobrara Council is contained under the Nebraska Game and Parks Commission for administrative purposes only. The recommendation does not include the Council’s requested General Fund appropriation increase of $7,989 in FY 2021-22 and FY 2022-23. Current appropriation is sufficient to meet the statutory requirements set for the Council.

**Park Operational Needs** – The recommendation includes a cash fund appropriation increase of $494,561 in FY 2021-22 and FY 2022-23 and a Personal Service Limitation (PSL) increase of $272,003 in FY 2021-22 and FY 2022-23. The PSL increase includes three permanent positions for recently completed Venture Park projects located in Schramm Park State Recreational Area and Eugene T. Mahoney State Park.

Projects contained in capital improvement programs completed in FY 2019-2021 biennium will require increases in operational costs. Some examples of projects completed in the most recent biennium were: Box Butte SRA Shop Building, Windmill SRA Archery Range, Sherman SRA Archery Range, water system enhancement project at Memphis SRA, and additional park entrance station locations at Lake McConaughy.

The projects anticipated to be completed by the end of the 2021–2023 Biennium are the Buffalo Bill SHP Shooting Range, Willow SRA Air Gun Range, and Lake McConaughy SRA Radio Tower.

**Nebraska Outdoor Education Center (NOEC)** – The recommendation includes a federal fund appropriation increase of $420,000 in FY 2021-22 and FY 2022-23. The NOEC allows for the public to enhance their outdoor skills with an indoor archery and firearm range used for both educational and recreational purposes. Youth participants also have the opportunity to participate in competitive programs and attend educational camps.

**Grain Sorghum Board (92)**

The recommendation for the 2021–2023 Biennium includes only those items identified as “Enterprise Issues” – Teammate Annual Salary Increases, and Health Care Premium Costs.

**Natural Resources, Department of (29)**

The recommendation includes a 3.5 percent General Fund appropriation increase in FY 2021-22, which includes a one-time appropriation for a Flood Mitigation Plan in LB 632 (2020 Session Laws) and a 3.2 percent General Fund increase in FY 2022-23, compared to the FY 2020-21 base appropriation.

**Operating Adjustments** – The recommendation includes the agency requested General Fund appropriation increase of $11,524 in FY 2021-22 and $27,224 in FY 2022-23 for Department of Administrative Services (DAS) and Office of the Chief Information Officer (OCIO) expenses.

**Streamgaging** – The recommendation includes the agency requested transfer of $125,000 from the Water Sustainability Fund to the Department of Natural Resources Cash Fund in FY 2021-22 and FY 2022-23 for maintenance and replacement of streamgaging equipment. This maintenance is required to enable the agency to properly monitor rivers and streams within the State. The data has proved critical during the most recent flooding and for continued administration of water rights.

**South Platte and Platte River Basin Studies** – The recommendation includes the agency request to continue the transfer of $350,000 from the Water Sustainability Fund to the Department of Natural Resources Cash Fund in FY 2021-22 and FY 2022-23. The South Platte and Platte River Basins Studies are technical studies involving hydrologic, conjunctive management, and modeling tool evaluations, and other environmental and economic investigations along the South Platte and Platte River Basins. These studies will consider planned upstream water development projects and the possible affects upon Nebraska’s water uses short and long term.
**Cash Fund Transfers** – The cash fund transfers from the Water Sustainability Fund to the Department of Natural Resources Cash Fund represent the investment amount accrued annually and will not impact the amount of funds available to be awarded to projects through the Water Sustainability Fund Program managed by the Natural Resources Commission through the Department of Natural Resources.

**Flood Mitigation Plan** – The recommendation includes a General Fund appropriation increase of $225,000 in FY 2021-22 related to the Flood Mitigation Plan contained within LB 632 (2020 Session Laws). Consultants will first be hired, and the plan will be completed no later than July 1, 2022.

**Reduce Cash Fund Appropriation** – The recommendation includes a cash fund appropriation reduction of $3.8 million in FY 2021-22 and FY 2022-23 within the Critical Infrastructure Facilities Program. This one-time cash fund appropriation was a grant for reimbursement to the Gering – Fort Laramie Irrigation District for their portion of the temporary repair costs for the Gering – Fort Laramie Canal breach and tunnels #1 and #2.

**Oil and Gas Commission (57)**

The recommendation for the 2021–2023 Biennium includes only those items identified as “Enterprise Issues” – Teammate Annual Salary Increases, and Health Care Premium Costs.

**Power Review Board (74)**

**Engineer Contract** – The recommendation does not include an increase in cash fund appropriation for the agency requested engineer contract. The agency has sufficient cash fund base appropriation to accommodate this request.

**Wheat Board, Nebraska (56)**

The recommendation for the 2021–2023 Biennium includes only those items identified as “Enterprise Issues” – Teammate Annual Salary Increases, and Health Care Premium Costs.

**Hemp Commission, Nebraska (89)**

The Hemp Commission was created by LB 657 (2019 Session Laws) with an operative date of July 1, 2021. The recommendation includes a cash fund appropriation of $10,000 in FY 2021-22 and FY 2022-23 to reflect the amount of anticipated revenue generated from check-off fees.

**Economic Development and Regulatory**

**Abstracters, Board of Examiners (66)**

The recommendation maintains the FY 2020-21 base appropriation for FY 2021-22 and FY 2022-23 as requested by the agency.

**Accountability and Disclosure Commission (87)**

**Administrative Assessments** – The recommendation includes the agency requested General Fund appropriation increase of $2,760 in FY 2021-22 and FY 2022-23 to provide for Department of Administrative Services (DAS) and the Office of the Chief Information Officer (OCIO) adjustments.

**Maintenance Support Reduction** – The recommendation includes the agency requested General Fund appropriation reduction of $33,000 in FY 2021-22 and $31,000 in FY 2022-23. The cost to maintain and support the agency database and electronic filing system will be less than the FY 2020-21 base appropriation.
**AFRICAN AMERICAN AFFAIRS, COMMISSION ON (90)**

The Commission on African American Affairs was created by LB 918 (2020 Session Laws) with an operative date of November 14, 2020. The recommendation includes a total General Fund appropriation of $275,000 in FY 2021-22 and FY 2022-23. The recommendation also includes Personal Service Limitation (PSL) at $163,300 in FY 2021-22 and FY 2022-23.

**BANKING, DEPARTMENT OF (19)**

Transfers to General Fund – Securities receipts have experienced an unanticipated downturn in securities renewals resulting in a fund balance insufficient for accommodating the FY 2020-21 transfer amounts expressed in LB 294 (2019 Session Laws). The recommendation includes a $2,250,000 reduction of the June 2021 Securities Act Cash Fund transfer to the General Fund.

The recommendation includes transfers totaling $18 million in FY 2021-22 and $24 million in FY 2022-23 from the Securities Act Cash Fund to the General Fund. The recommendation includes the flexibility for these transfers to occur in dates and amounts recommended by the State Budget Administrator in order to accommodate fluctuations in Securities Act revenue receipts timing.

**BARBER EXAMINERS, BOARD OF (45)**

The recommendation for the 2021–2023 Biennium includes only those items identified as “Enterprise Issues” – Teammate Annual Salary Increases, and Health Care Premium Costs.

**ECONOMIC DEVELOPMENT, DEPARTMENT OF (72)**

**ImagiNE Nebraska Act** – The recommendation includes the agency requested $726,810 General Fund appropriation increase for FY 2021-22 and FY 2022-23 and also includes the agency requested $477,995 in Personal Service Limitation (PSL) for 2021-22 and FY 2022-23 related to LB 1107 (2020 Session Laws) ImagiNE Nebraska Act.

**Middle Income Workforce Housing Investment Act** – The recommendation includes the agency requested $3.5 million cash fund appropriation increase in FY 2021-22 and FY 2022-23 and also includes the agency requested $62,560 PSL increase for FY 2021-22 and $63,812 in FY 2022-23 for administration of LB 866 (2020 Session Laws) Middle Income Workforce Housing Investment Act.

**Business Innovation Act Funding** – LB 334 (2019 Session Laws) repealed the Angel Investment Tax Credit Act and directed the General Fund revenue savings to the Business Innovation Act (BIA) beginning July 1, 2021, following a one year redirection of funds to the Governor's Emergency Program to offset appropriation need to support the State’s response to the 2019 historic flooding disaster. The recommendation accordingly includes the agency requested $4 million General Fund appropriation increase in FY 2021-22 and FY 2022-23 as articulated in LB 334 (2019 Session Laws).

**Community Development Block Grants** – The recommendation includes the agency requested $4,534,317 federal fund appropriation increase in FY 2021-22 and FY 2022-23 and also includes the agency requested $75,000 PSL increase in FY 2021-22 and FY 2022-23 related to anticipated federal Community Development Block Grant (CDBG) COVID-19 funding.

The recommendation also includes the agency requested $21,787,600 federal fund appropriation increase in FY 2021-22 and FY 2022-23 and also includes $500,000 PSL increase in FY 2021-22 and FY 2022-23 related to the anticipated federal CDBG Recovery funding provided for the historic flooding disaster.
Rural Workforce Housing – The recommendation includes the agency requested $13.8 million cash fund appropriation reduction in FY 2022-23 and also includes a $133,201 PSL reduction in FY 2022-23 related to the sunset of the Rural Workforce Housing Program. The remaining balance in the Rural Workforce Housing Investment Fund will be transferred to the Nebraska Affordable Housing Trust Fund by June 30, 2023.

One-Stop Operator Program – The recommendation includes the agency requested $144,199 federal fund and PSL reduction in FY 2021-22 and FY 2022-23 related to the discontinuation of the Department of Labor's One-Stop Operator program management.

Nebraska Career Scholarships – The recommendation includes continuing funding of the Nebraska Career Scholarship program for community colleges with a General Fund increase of $1 million in FY 2021-22 and $2 million in FY 2022-23.

The recommendation also includes additional funding for the Nebraska Career Scholarship program to provide additional opportunities for students attending a private, not for profit university or college in the state. Included in the recommendation is an additional General Fund increase of $1 million in FY 2021-22 and $2 million for FY 2022-23. This funding will be administered by the agency in a similar manner as the community college funding and will target students in programs of study that will lead to high demand, high wage jobs upon graduation. This funding is intended to increase until a total of $4 million is provided annually for scholarships.

**Electrical Division, State (30)**

The recommendation for the 2021–2023 Biennium includes only those items identified as “Enterprise Issues” – Teammate Annual Salary Increases, and Health Care Premium Costs.

**Engineers and Architects, Board of (58)**

Operating Adjustments – The recommendation includes the agency requested overall reduction in cash fund appropriations of $15,049 in FY 2021-22 and $11,775 in FY 2022-23 related to the following issues: rent increases, licensee database, e-commerce adjustments, Department of Administrative Services (DAS) and Office of the Chief Information Officer (OCIO) rate adjustments, and budget rightsizing.

**Geologists, Board of (59)**

Services Agreement Contract – The recommendation includes the agency requested $2,917 cash fund appropriation increase in FY 2021-22 and $3,518 in FY 2022-23 related to the costs associated with administrative rates, office space and supplies, equipment and software provided by the Nebraska Board of Engineers and Architects.

**Insurance, Department of (22)**

Request for Relocation Expense Appropriation – The recommendation includes the agency requested $255,177 cash fund appropriation reduction for FY 2021-22 and FY 2022-23 to reflect savings anticipated from relocating to state-owned office space.

Examinations Appropriation – The recommendation includes the agency requested cash fund appropriation increase of $166,900 in FY 2021-22 related to increasing travel related to exams. The recommendation also includes the agency requested $713,659 cash fund appropriation reduction in FY 2022-23 in support of the agency’s proposal to reduce dependency on contracted services.

Additionally, the recommendation provides for the agency requested cash fund appropriation increase of $24,247 in FY 2021-22 and $24,732 in FY 2022-23 with Personal Service Limitation (PSL) increases of $21,057 in FY 2021-22 and $21,478 in FY 2022-23 to hire an actuarial examiner.
Rebase of Personal Service Limitation (PSL) – The recommendation includes the agency requested cash fund appropriation reduction of $324,438 in FY 2021-22 and FY 2022-23 and a corresponding PSL reduction of $266,000 in each year to better reflect salary expenditure experience.

Affordable Care Act Oversight – The recommendation includes the agency requested federal fund reduction of $602,150 in FY 2021-22 and $603,900 in FY 2022-23 due to expiration of Affordable Care Act (ACA) grants. The recommendation also includes the agency requested cash fund appropriation increases of $326,941 in FY 2021-22 and $334,624 in FY 2022-23 related to the continuing ACA oversight obligations previously funded by the expired grants.

Administrative Assessments – The recommendation includes the agency requested cash fund appropriation increase of $26,000 in FY 2021-22 and FY 2022-23 primarily resulting from an increase in the technology fee and workers' compensation assessments.

SHIIP Funding Shift – The recommendation includes the agency requested shift from federal fund appropriation to cash fund appropriation of $27,114 in FY 2021-22 and $29,940 in FY 2022-23 to better reflect the allocation of Senior Health Insurance Information Program (SHIIP) administration.

Transfers to General Fund – The recommendation includes transfers totaling $10.5 million in FY 2021-22 and FY 2022-23 from the Department of Insurance Cash Fund to the General Fund.

**Labor, Department of (23)**

The recommendation for the 2021–2023 Biennium includes only those items identified as “Enterprise Issues” – Teammate Annual Salary Increases, and Health Care Premium Costs.

**Land Surveyors, Board of Examiners (62)**

The recommendation maintains the FY 2020-21 base appropriation for FY 2021-22 and FY 2022-23 as requested by the agency.

**Landscape Architects, Nebraska State Board of (73)**

The recommendation includes the agency requested $545 in FY 2021-22 and $2,207 in FY 2022-23 cash fund appropriation increases for service contract increases, membership dues, and e-commerce expenses.

**Public Accountancy, Board of (63)**

Personal Service Limitation Increase (PSL) – The recommendation includes the agency requested shift from operations to PSL of $6,500 in FY 2020-21. This increase is needed due to the warranted reclassification of staff due to the additional work undertaken, as well as the increase in the executive director's compensation.

The recommendation for the 2021–2023 Biennium includes only those items identified as “Enterprise Issues” – Teammate Annual Salary Increases, and Health Care Premium Costs.

**Public Service Commission (14)**

Eliminate the Nebraska Internet Enhancement Fund – The recommendation includes the agency requested termination of the Nebraska Internet Enhancement Fund and program. This is in direct response to the passage of LB 992 (2020 Session Laws). The fund balance will be transferred to the Nebraska Universal Service Fund on June 30, 2021.
**Aid to Operations Shift** – The recommendation includes the agency’s requested shift of $2.5 million in FY 2021-22 from aid to operations as it relates to the Nebraska Enhanced Wireless 911 Fund. LB 993 (2018 Session Laws) directs the Public Service Commission to move forward with modernization of Nebraska’s Emergency 911 service system. This shift from aid to operations allows the Commission to select and pay directly, a vendor for the new Emergency Service Internet Protocol Network and Next Generation Core Services.

**211 Information & Referral Grant** – The recommendation includes a funding shift from a cash fund appropriation of $300,000 in FY 2021-22 and FY 2022-23 to a General Fund appropriation in the same amount. In the previous biennium, LB 641A (2019 Session Laws) provided for $300,000 from the Health Care Cash Fund in FY 2019-20 and FY 2020-21. Providing these additional General Funds reduces the burden on the Health Care Cash Fund.

**Racing Commission, Nebraska State (36)**

The recommendation for the 2021–2023 Biennium includes only those items identified as “Enterprise Issues” – Teammate Annual Salary Increases, and Health Care Premium Costs.

**Real Estate Commission (41)**

**Operating Adjustments** – The recommendation includes the agency requested net cash fund appropriation reduction of $5,794 in FY 2021-22 and FY 2022-23 related to operating costs articulated in the biennial budget instructions.

**Real Property Appraiser Board (53)**

**Administrative Services Assessment Changes** – The recommendation includes the agency requested cash fund appropriation reduction of $2,282 in FY 2021-22 and FY 2022-23 related to rates articulated in the biennium budget instructions.

**Secretary of State (09)**

**Elections Contracts** – The recommendation includes the agency requested General Fund appropriation increase of $39,615 in FY 2021-22 and $29,010 in FY 2022-23 accounting for the payment structure of the election contracts, including inflationary increases in FY 2021-22 and FY 2022-23.

**Help America Vote Act (HAVA) Federal Grants** – The recommendation includes the agency requested federal fund appropriation increase of $806,791 in FY 2021-22 and $591,971 in FY 2022-23 for the HAVA federal funding for the 2021–2023 Biennium.

**Reduce Admin General Funds** – The recommendation includes the agency requested General Fund appropriation reduction of $276,395 in FY 2021-22 and $281,471 in FY 2022-23. The recommendation also contains a corresponding cash fund appropriation increase of $276,395 in FY 2021-22 and $281,471 related to the fund shift of various fees increases within LB 910 (2020 Session Laws).

**Election Night Reporting / Candidate Module System** – The recommendation includes a federal fund appropriation increase of $356,000 in FY 2021-22 to replace the existing Election Night Reporting/Candidate Module System and a General Fund appropriation increase of $4,500 in FY 2022-23 for ongoing maintenance costs.

**International Trade** – The recommendation does not include the agency requested increase in cash fund appropriation of $40,000 in FY 2021-22 and FY 2022-23 for the hiring or contracting of an International Trade Consultant.
Move Appropriations to Umbrella Program – The recommendation does not include the agency requested consolidation of programs: Departmental Administration, Enforcement of Standards - Corporations, Enforcement of Standards – Collection Agencies, and Uniform Commercial Code Central Filing into one program, Services and Administration. The recommendation does not include this request as it does not promote transparency in financial expenditures within the Secretary of State’s Office.

Notary Public Filing System – The recommendation does not include the agency requested cash fund appropriation increase of $706,000 in FY 2021-22 and $109,500 in FY 2022-23 for a new out-of-the-box notary application and solution system. Investments as recent as 2019 were made in the amount of $110,000 General Funds for the current filing system.

Rules & Regulations Electronic Solution – The recommendation does not include the agency requested cash fund appropriation increase of $920,000 in FY 2021-22 and $184,500 in FY 2022-23 for a new Rules & Regulations Electronic Solution.

TOURISM COMMISSION, NEBRASKA (91)

Aid Earmark Reduction – The recommendation includes the agency requested cash fund appropriation aid earmark reduction of $400,000 in FY 2021-22 and FY 2022-23 for marketing efforts to support Nebraska’s tourism industry.

EDUCATION AND CULTURAL DEVELOPMENT

ARTS COUNCIL, NEBRASKA (69)

Support the Arts – The recommendation includes the agency requested cash fund appropriation increase of $12,200 for FY 2021-22 and $19,050 for FY 2022-23 to implement the Support the Arts License Plate Program.

Retirement Payout – The recommendation does not include the agency requested General Fund appropriation increase of $41,139 in FY 2022-23 for a one-time retirement payout. The agency is expected to manage their appropriations and if a need remains in FY 2022-23, an adjustment can be considered at that time.

BLIND AND VISUALLY IMPAIRED, NEBRASKA COMMISSION FOR THE (81)

The recommendation for the 2021–2023 Biennium includes only those items identified as “Enterprise Issues” – Teammate Annual Salary Increases, and Health Care Premium Costs.

The recommendation also includes the agency request to combine independent living funds with senior blind funds. This combines General Funds earmarked for services for blind seniors with General Funds used for blind Nebraskans under age 55, to provide flexibility in serving blind Nebraskans of all ages.

COMMUNITY COLLEGE AID, NEBRASKA (83)

State Support – The recommendation includes a General Fund appropriation increase of $2,051,167 in FY 2021-22, and $4,143,357 in FY 2022-23 for state support of community colleges.

Dual Enrollment – The recommendation includes a General Fund appropriation increase of $20,000 in FY 2021-22 and a General Fund increase of $40,400 in FY 2022-23 for dual enrollment for high school students.
**Deaf and Hard of Hearing, Nebraska Commission for the (82)**

The recommendation for the 2021–2023 Biennium includes only those items identified as “Enterprise Issues” – Teammate Annual Salary Increases, and Health Care Premium Costs.

The recommendation does not provide for the agency’s request to carryover any remaining General Fund appropriation into the 2021–2023 Biennium.

**Education, Department of (13)**

**Textbook Loans** – The recommendation includes a General Fund appropriation increase of $1 million in FY 2021-22 and FY 2022-23 for additional funding in the Textbook Loan program over the current $465,500 General Fund appropriation provided in the FY 2020-21 base appropriation.

**Advanced Early Literacy** – The recommendation does not include the agency requested General Fund appropriation increase of $5 million in FY 2021-22 and $10 million in FY 2022-23 for additional funding to implement programs and practices with a goal to ensure every student is able to read at or above the third grade level.

**Early Childhood Workforce Transformation** – The recommendation does not include the agency requested General Fund appropriation increase of $781,910 in FY 2021-22 and $967,996 in FY 2022-23 and the corresponding Personal Service Limitation (PSL) increase of $209,300 in FY 2021-22 and $213,486 in FY 2022-23 for additional funding and agency support for scholarships and technical support for scholars studying for early childhood certifications.

**TEEOSA School Aid** – The agency did not request an increase of General Funds related to the Tax Equity and Educational Opportunities Support Act (TEEOSA) School Aid formula.

Analysis for FY 2021-22 of TEEOSA school aid indicates a total need of $1,066,145,653. The recommendation includes an increase of General Fund appropriation in FY 2021-22 of $11,489,794 over the FY 2020-21 base to fully fund the TEEOSA formula.

Analysis for FY 2022-23 of TEEOSA school aid indicates a total need of $1,097,398,350. The recommendation includes an increase of General Fund appropriation for FY 2022-23 of $31,252,697, or $42,742,491 for the biennium, to fully fund the TEEOSA formula.

### TEEOSA School Aid

<table>
<thead>
<tr>
<th>Governor’s Recommendation</th>
<th>FY 2020-21</th>
<th>FY 2021-22</th>
<th>FY 2022-23</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>1,022,555,858</td>
<td>1,034,045,653</td>
<td>1,065,298,350</td>
</tr>
<tr>
<td>Insurance Premium Tax</td>
<td>30,300,000</td>
<td>32,100,000</td>
<td>32,100,000</td>
</tr>
<tr>
<td>Total State Support</td>
<td>1,052,855,858</td>
<td>1,066,145,653</td>
<td>1,097,398,350</td>
</tr>
<tr>
<td>State Support Annual Change</td>
<td>(13,056,990)</td>
<td>13,289,794</td>
<td>31,252,697</td>
</tr>
<tr>
<td>State Support Annual % Change</td>
<td>(1.2%)</td>
<td>1.3%</td>
<td>2.9%</td>
</tr>
</tbody>
</table>
TEEOSA School Aid Deficit – The actual amount of Insurance Premium Taxes allocated for TEEOSA in FY 2020-21 exceeded the estimate by $1,689,538. The recommendation includes a decrease of $1,689,538 in General Fund appropriation for FY 2020-21 to reflect the actual amount of Insurance Premium Taxes allocated to school finance.

EDUCATION FINANCE

Special Education Aid – The recommendation includes a one percent General Fund increase for each year of the biennium, or $2,310,798 in FY 2021-22 and $4,644,704 in FY 2022-23 over the FY 2020-21 base appropriation for special education aid.

Perkins and CTE – The recommendation does not include the agency requested General Fund appropriation increase of $7.5 million in FY 2021-22 and FY 2022-23 to provide a match for federal funds in the Perkins and CTE programs. By providing this funding, the State would be held to an ongoing maintenance of effort and would be unable to reduce the funding by any amount or jeopardize federal funding received related to the program. The expenses for districts that are offering CTE programs are also a factor in the TEEOSA formula and will increase the overall amount of state aid received.

School Finance Policy Team – The recommendation does not support the addition of a school finance policy team of three additional staff in the Department of Education. The decisions on school financing policy are made outside the Department and this separation needs to be maintained.

SCHOOL IMPROVEMENT

ACT Funding Shift – The recommendation does not include the agency requested General Fund appropriation increase to shift the cost related to ensuring all high school juniors in public school take the ACT college preparatory test by decreasing cash fund appropriation $1.5 million in FY 2021-22 and FY 2022-23 and increasing General Fund appropriation by $1.5 million in FY 2021-22 and FY 2022-23.

Educational Assessment – The recommendation does not include the agency requested General Fund appropriation increase of $2,064,770 in FY 2021-22 and $2,029,847 in FY 2022-23, with a corresponding PSL increase of $639,580 in FY 2021-22 and $652,121 in FY 2022-23 for seven new positions to provide assistance to districts to document and report information to the federal government. Larger school districts already have staff to complete these federal requirements so additional support from the State is not needed.

EDUCATIONAL LANDS AND FUNDS, BOARD OF (32)

Reclassify Drafter II to Deputy State Surveyor – The recommendation includes a General Fund appropriation increase of $40,305 in FY 2021-22 and $41,115 in FY 2022-23, with a corresponding Personal Service Limitation (PSL) increase of $35,000 in FY 2021-22 and $35,700 in FY 2022-23 related to the reclassification of this teammate to conduct survey application requests for the citizens of Nebraska.

EDUCATIONAL TELECOMMUNICATIONS COMMISSION, NEBRASKA (47)

Network Operations – The recommendation includes a General Fund appropriation increase of $53,380 in FY 2021-22 and $78,900 in FY 2022-23 for network operations issues. Included in this recommendation is $2,380 in FY 2021-22 and FY 2022-23 for increased property insurance; $16,000 in FY 2021-22 and $32,320 in FY 2022-23 for equipment replacement; $35,000 in FY 2021-22 and FY 2022-23 for the NMCS maintenance contract; and $9,200 in FY 2022-23 for production services.
Workers’ Compensation Assessment – The recommendation does not include the agency requested appropriation increase for Department of Administrative Services (DAS) workers’ compensation assessment as the agency has other DAS related rates that are decreasing to offset these costs.

Replacement of Cash Funds – The recommendation includes the agency requested General Fund appropriation increase of $15,000 in FY 2021-22 and $74,000 in FY 2022-23 to offset the loss of revenue from leasing tower space in Omaha.

**HISTORICAL SOCIETY, STATE (54)**

Office of the State Archeologist – The recommendation includes a General Fund appropriation increase of $50,817 in FY 2021-22 and $52,085 in FY 2022-23, with a corresponding Personal Service Limitation (PSL) increase of $33,211 in FY 2021-22 and $33,875 in FY 2022-23 to allow the agency to replace an archeological technician position reduced in 2011.

One-time Leave Payout – The recommendation includes a General Fund appropriation reduction of $92,306 in FY 2021-22 and FY 2022-23 for a one-time retirees sick and vacation payout that was paid in FY 2020-21.

Chimney Rock Visitor Center – The recommendation includes a cash fund appropriation increase of $1,882 in FY 2021-22 and FY 2022-23 for an expected increase of building insurance to the newly renovated Chimney Rock Visitor Center. This increase utilizes funds raised from visitors to the center to pay for center expenses.

IT Project – The recommendation does not include the agency requested General Fund appropriation increase for funding for the agency IT project request. The request lacked clear articulation of the need, scope, and cost of the work being proposed.

**INDIAN AFFAIRS, NEBRASKA COMMISSION ON (76)**

Executive Director Merit Pay – The recommendation does not include the agency requested General Fund appropriation increase of $9,775 in FY 2021-22 and FY 2022-23 for a ten percent pay increase for the executive director in addition to the two percent annual salary increase provided to most all other state teammates.

**LATINO AMERICAN COMMISSION (68)**

Major Issues – The recommendation does not include the agency requested General Fund appropriation increase of $12,000 in FY 2021-22 and $5,000 in FY 2022-23. This funding would be used to perform a study aimed at identifying the areas of need amongst the Nebraska Latino community. The current base appropriation is adequate to accommodate this additional expense.

Laptop Purchase – The recommendation does not include the agency requested General Fund appropriation increase of $12,000 in FY 2021-22 for laptops provided to staff members.

**LIBRARY COMMISSION, NEBRASKA (34)**

Worker’s Compensation Assessment – The recommendation includes the agency requested General Fund appropriation increase of $1,435 in FY 2021-22 and FY 2022-23 for an increase in the worker’s compensation assessment.
Leased Space – The recommendation includes a General Fund appropriation increase of $5,048 for FY 2021-22 and $7,068 in FY 2022-23 for an increase in commercial office space leased by the agency. An analysis of the information provided in the agency request resulted in a lower increase than requested by the agency.

Aid to Libraries – The recommendation includes a General Fund appropriation increase of $29,887 for FY 2021-22 and $60,203 in FY 2022-23 for increased state aid for libraries. The recommendation includes increased funding for eReads of $5,125 for FY 2021-22 and $10,250 for FY 2022-23; NebraskAccess of $9,200 for FY 2021-22 and $18,400 for FY 2022-23; and the Regional Library Systems of $15,562 for FY 2021-22 and $31,553 for FY 2022-23.

Postsecondary Education, Coordinating Commission for (48)

The recommendation includes a General Fund appropriation increase of $42,989 in FY 2021-22 and $88,994 in FY 2022-23. Included in this recommendation is two percent increase each year, $22,000 for FY 2021-22 and $44,440 for FY 2022-23, for Access College Early Scholarship funding.

The recommendation also includes an increase in cash funds of $1,000,266 in FY 2021-22 and $1,000,537 in FY 2022-23. The recommendation supports the agency requested increase to cash fund appropriations for Nebraska Opportunity Grants of $1 million in FY 2021-22 and FY 2022-23 to allow the agency to utilize an expected increase in the fund balance to provide additional funding for grants.

The recommendation eliminates the federal fund appropriations of $6,023 in both years. Since the agency no longer receives federal funds, the appropriation is no longer necessary.

State College System, Nebraska (50)

The recommendation includes a General Fund appropriation increase of $2,562,511 in FY 2021-22 and $5,183,834 in FY 2022-23. Included in the recommendation is funding for teammate health insurance of $277,060, a three percent increase, and $666,441 for FY 2022-23, a four percent increase. Also included is $1,207,787 in FY 2021-22 and $2,439,729 in FY 2022-23, representing a two percent increase in each year of the biennium for teammate salary increases.

The recommendation supports the State Colleges’ request for continuing funding of the Nebraska Career Scholarship Program with an increase in General Fund appropriation of $1 million in FY 2021-22 and $2 million in FY 2022-23. The recommendation also includes $77,664 General Funds for each year for the Department of Administrative Services (DAS) workers’ compensation rate adjustments.

University of Nebraska (51)

The recommendation includes the University’s requested General Fund appropriation increase of two percent in each year of the biennium for general operations increases of $12,345,304 in FY 2021-22 and $25,045,358 in FY 2022-23.

The recommendation also supports the University’s request for continuing funding of the Nebraska Career Scholarship program with an increase of $2 million in FY 2021-22 and $4 million in FY 2022-23.

General Government

Governor, Office of (07)

Transition Expenses – The recommendation includes the agency requested General Fund appropriation increase of $99,047 in FY 2022-23, with a corresponding Personal Service Limitation (PSL) increase of $99,047 in FY 2022-23 to assist with expenses related to a Governor-elect’s transition.
**LEGISLATIVE COUNCIL (03)**

**Annualization of Legislative Staff Salaries** – The recommendation includes the agency requested General Fund appropriation increase of $81,088 in FY 2021-22 and FY 2022-23 for the cost of annualizing the January 1 pay plan per the legislative pay plan.

**Health and Human Services (HHS) Committee Legal Counsel** – The recommendation includes the agency requested General Fund appropriation increase of $72,252 in FY 2021-22 and FY 2022-23, with a corresponding cash fund appropriation reduction to shift the funding mechanism from the Health Care Cash Fund to the General Fund.

**Long/Short Session** – The recommendation includes the agency requested reduction of $380,080 in FY 2021-22 to recognize the reduced expenses related to the FY 2021-22 60-day session vs. the 90-day session that will occur in FY 2022-23.

**Office of the Chief Information Officer (OCIO) Delayed and Biennium Rate Adjustment** – The recommendation includes the agency requested General Fund appropriation increase of $79,785 in FY 2021-22 and FY 2022-23 to provide for the projected rate adjustments for the upcoming biennium.

**Operating Adjustments** - The recommendation does not include the agency requested General Fund net appropriation increase of $2,111,267 in FY 2021-22 and $2,110,606 in FY 2022-23 for the following issues: carryover funds in lieu of new, general increases/decreases, restore senators travel amount, ombudsman’s office positions, AWS cloud services, fiscal assistant and clerk office positions, and the upgrade to the voting system and chamber rewiring.

The agency spent 70 percent of their overall General Fund appropriations in FY 2019-20 allowing for $5.9 million in carryover funds. The current FY 2020-21 base appropriation is sufficient to finance these issues.

The recommendation also includes $7,676 within the carryover of unexpended FY 2020-21 General Fund appropriation for the purpose of paying outstanding costs to the Office of the Nebraska Capitol Commission related to the Legislative mothers’ room.

**LIEUTENANT GOVERNOR, OFFICE OF (08)**

The recommendation for the 2021–2023 Biennium includes only those items identified as “Enterprise Issues” – Teammate Annual Salary Increases, and Health Care Premium Costs.

**HEALTH AND HUMAN SERVICES**

**FOSTER CARE REVIEW OFFICE (70)**

The recommendation for the 2021–2023 Biennium includes only those items identified as “Enterprise Issues” – Teammate Annual Salary Increases, and Health Care Premium Costs.
Unobligated Carryover Lapse – The recommendation includes a lapse of FY 2019-20 General Fund carryover balances of $61.3 million in FY 2020-21. These values represent unobligated funding that can be utilized for the benefit of the General Fund without impacting operations or aid programs within the agency as detailed below:

<table>
<thead>
<tr>
<th>FY 2019-20 General Fund Carryover Lapse in FY 2020-21</th>
<th>FY2020-21 Governor’s Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>4,500,000</td>
</tr>
<tr>
<td>Health Aid</td>
<td>1,900,000</td>
</tr>
<tr>
<td>Children’s Health Insurance</td>
<td>3,500,000</td>
</tr>
<tr>
<td>Medical Assistance</td>
<td>7,500,000</td>
</tr>
<tr>
<td>Public Assistance</td>
<td>10,300,000</td>
</tr>
<tr>
<td>Child Welfare</td>
<td>28,000,000</td>
</tr>
<tr>
<td>Behavioral Health Aid</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Beatrice State Developmental Center</td>
<td>1,200,000</td>
</tr>
<tr>
<td>Developmental Disabilities Aid</td>
<td>2,400,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>61,300,000</strong></td>
</tr>
</tbody>
</table>

The recommendation for the General Fund operations and aid budgets for the Department of Health and Human and Services for FY 2021-22 and FY 2022-23, along with the dollar and percentage changes from FY 2020-21 base appropriation are displayed in the following table:

<table>
<thead>
<tr>
<th>DHHS General Funds</th>
<th>FY 2020-21</th>
<th>FY 2021-22</th>
<th>$ chg from</th>
<th>FY 2022-23</th>
<th>$ chg from</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operations</td>
<td>251,533,219</td>
<td>253,501,271</td>
<td>1,968,052</td>
<td>257,141,458</td>
<td>5,608,239</td>
</tr>
<tr>
<td>Aid</td>
<td>1,459,973,197</td>
<td>1,413,780,762</td>
<td>-46,192,435</td>
<td>1,456,541,910</td>
<td>-3,431,287</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,711,506,416</strong></td>
<td><strong>1,667,282,033</strong></td>
<td><strong>-44,224,383</strong></td>
<td><strong>1,713,683,368</strong></td>
<td><strong>2,176,952</strong></td>
</tr>
</tbody>
</table>

Twenty-Four Hour Care Facilities – The recommendation includes a General Fund appropriation increase of $638,175 in FY 2021-22 and $1,305,662 in FY 2022-23. The recommendation also includes a corresponding federal fund appropriation increase of $27,943 in FY 2021-22 and $56,209 in FY 2022-23 for inflationary increases requested by the agency for food, medical supplies, and physician services. These inflationary increases for food and medical costs impact all 24-hour care facilities operated by the Department: the regional centers at Norfolk and Lincoln, the youth development centers, and the Beatrice State Developmental Center in Beatrice.

Department of Administrative Services Assessments – The recommendation includes the agency requested General Fund appropriation reduction of $2,239,844, cash fund appropriation reduction of $365,205, and federal fund appropriation reduction of $528,713 in FY 2021-22 and FY 2022-23 to finance the net changes in Department of Administrative Services assessments relating to workers’ compensation, accounting, purchasing, and human resource management.
Office of the Chief Information Officer (OCIO) Rate and Fee Adjustments – The recommendation includes a General Fund appropriation increase of $3,476,936 and $3,704,240 federal fund appropriation in FY 2021-22 and $3,654,679 General Funds and $3,893,604 federal funds in FY 2022-23 to finance increases in fees and usage rates.

Environmental Health Program Reductions – The recommendation includes the agency requested General Fund appropriation reduction of $86,000 in FY 2021-22 and FY 2022-23 to reflect the elimination of two vacant, unused positions in Environmental Health Programs.

BSDC Contract Changes – The recommendation includes a General Fund appropriation reduction of $74,347 in FY 2021-22 and $73,766 in FY 2022-23, with a corresponding federal fund appropriation reduction of $100,453 in FY 2021-22 and $101,034 in FY 2022-23 for contracts that end June 30, 2021 at the Beatrice State Developmental Center. The ending of these contracts does not impact the services to residents.

Cameras at the Regional Centers – The recommendation includes the agency requested General Fund appropriation increase of $176,000 in FY 2021-22 to add additional surveillance cameras at the regional centers. These cameras will reduce “blind spots” and enhance surveillance capabilities, to ensure patient safety and staff supervision.

Radio System Upgrades at the Regional Centers – The recommendation includes the agency requested General Fund appropriation increase of $291,500 in FY 2021-22 to upgrade radios systems at the three regional centers from analog to digital radio systems in order to improve quality and reliability of communications between staff, enhancing security at the regional centers.

DD Court Ordered Custody Cases – The recommendation provides a re-appropriation of $2,463,087 General Funds in FY 2021-22 and a General Fund appropriation of $2,454,755 in FY 2022-23. The recommendation also includes a corresponding federal fund appropriation increase of $1,440,060 in FY 2021-22 and $1,448,392 in FY 2022-23 for an increased number of persons with a developmental disability ordered by the court into the agency’s custody with mandatory participation in the Developmental Disability Program.

DD New Graduates – The recommendation provides a re-appropriation of $1,225,836 General Funds in FY 2021-22 and a General Fund appropriation of $2,432,507 in FY 2022-23. The recommendation also includes a corresponding federal fund appropriation increase of $1,656,281 in FY 2021-22 and $3,331,727 in FY 2022-23 for individuals transitioning from K-12 school programs to community-based developmental disabilities programs.

First Responder Resilience Training – The recommendation includes the agency requested General Fund appropriation increase of $442,500 in FY 2021-22 and FY 2022-23 in the Health Aid Program for first responder resilience training. LB 963A (2020 Session Laws) provided that the funding is intended to begin in FY 2021-22.

Increase Behavioral Health Housing Aid – The recommendation includes the agency requested General Fund appropriation increase of $1 million in FY 2021-22 and FY 2022-23 to rehabilitate or acquire additional housing across the state for very low income individuals, in coordination with Nebraska Investment Finance Authority (NIFA), Department of Economic Development and other private investors.

Increase Child Welfare Aid Federal Appropriation – The recommendation includes the agency requested increase in federal fund appropriation of $3 million in FY 2021-22 and FY 2022-23 to align appropriation with expected future expenditures for the upcoming biennium.

The recommendation does not reduce the General Fund FY 2020-21 base appropriation in order to provide adequate financing to meet the needs of the current child welfare contract provider.
Olmstead Plan Completion – The recommendation removes the cash and federal appropriation provided in LB 570A (2019 Session Laws) to correspond with the completion of the Olmstead Plan. Cash fund appropriation is reduced by $7,111 in FY 2021-22 and $43,570 in FY 2022-23 in the Developmental Disabilities Administration Program. Federal fund appropriation is also reduced by $43,570 in FY 2021-22 and FY 2022-23.

Ligature Adjustment – The recommendation includes the agency requested General Fund appropriation reduction of $1.6 million for FY 2021-22 and FY 2022-23 to remove the one-time funding appropriated in LB 1008 (2020 Session Laws) in FY 2020-21 to fund temporary staffing at the Lincoln Regional Center (LRC) to address ligature risk, related to self-harm prevention, identified during a Joint Commission (JC) Accreditation survey of LRC in September 2019.

Outpatient Competency Program – LB 686A (2019 Session Laws) amended the operative date to July 1, 2021, with no funding provided in the 2019–2021 Biennium. LB 1008 (2020 Session Laws) provided $211,073 in funding to begin the program. The recommendation includes an additional $442,527 General Funds in FY 2021-22 and $1,248,947 General Funds in FY 2022-23 to fund the remainder of the program costs.

Standardized Assessment for Level of Care – The recommendation includes the agency requested General Fund appropriation increase of $75,000 in FY 2021-22 and FY 2022-23, with a corresponding federal fund appropriation increase of $75,000 in each year to fund an improved Level of Care (LOC) assessment tool used to determine if individuals meet criteria for nursing facility level of care.

Transition to DD HCBS Waiver – The recommendation includes the agency requested General Fund appropriation increase of $1,083,156 in the Developmental Disabilities Aid Program in FY 2021-22 and FY 2022-23, with a corresponding reduction in the Medical Assistance Program of $1,083,156 in FY 2021-22 and FY 2022-23 to facilitate transitioning individuals to the most appropriate Home and Community Based Waiver (HCBS).

Waiting List Funding – The recommendation provides a re-appropriation of $1,582,203 General Funds in FY 2021-22 and a General Fund appropriation of $3,155,366 in FY 2022-23. The recommendation also includes a corresponding federal fund appropriation increase of $2,137,783 in FY 2021-22 and $4,321,805 in FY 2022-23 to allow the Division of Developmental Disabilities to offer more individuals home and community-based services.

Workers with Disabilities LB 323 – The recommendation includes $14,873 in General Funds and $14,873 in federal funds in FY 2021-22 and FY 2022-23 in Program 33, Administration. In Program 348, Medical Assistance, a re-appropriation of $116,710 General Funds, and an appropriation of $23,669 cash funds, and $151,404 federal funds in FY 2021-22, and an appropriation of $180,948 General Funds, $31,559 cash funds, and $275,678 federal funds, in FY 2022-23, is recommended to fund LB 323A (2020 Session Laws), which changes Nebraska’s Medical Insurance for Workers with Disabilities (MIWD) Program. LB 323A was passed in August 2020, with an effective date of October 2021. The bill appropriated funds beginning in FY 2021-22, so this funding is not in the base appropriation.

Youth in Transition Operations to Aid – This program contains both aid and operations appropriation, the recommendation moves $1,281,202 of the appropriation from operations, to aid each year.

Children’s Health Insurance Program (CHIP) Federal Match Rate – The federal Affordable Care Act (ACA) provided a 23 percent temporary bump in FMAP that phased out beginning October 1, 2019. On October 1, 2019 the enhanced FMAP was reduced by 11.5 percent and on October 1, 2020, was eliminated altogether. The recommendation includes providing re-appropriation of $2,714,139 General Funds for FY 2021-22 and an appropriation of $2,714,139 in FY 2022-23, along with the corresponding reductions in federal funds for each fiscal year, to reflect the final impact of the phase-out of the ACA enhanced FMAP for CHIP.
Medicaid – The General Fund FY 2021-22 and FY 2022-23 recommendations for Medicaid are summarized in the table below. A brief explanation of each item follows the table below:

<table>
<thead>
<tr>
<th>Medicaid - General Fund Aid Only</th>
<th>FY 2021-22 Governor's Recommendation</th>
<th>FY 2022-23 Governor's Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2020-21 Appropriation</td>
<td>921,250,222</td>
<td>921,250,222</td>
</tr>
<tr>
<td>Federal Match Rate Change (FMAP)</td>
<td>(27,265,000)</td>
<td>(33,582,500)</td>
</tr>
<tr>
<td>Medicaid Utilization</td>
<td>0</td>
<td>38,909,737</td>
</tr>
<tr>
<td>Federal &quot;Clawback&quot; Assessment</td>
<td>(576,159)</td>
<td>(576,159)</td>
</tr>
<tr>
<td>Health Insurance Provider Fee</td>
<td>(15,478,738)</td>
<td>(15,478,738)</td>
</tr>
<tr>
<td>Transition to DD HCBS Waiver</td>
<td>(1,083,156)</td>
<td>(1,083,156)</td>
</tr>
<tr>
<td>LB 323 Workers with Disabilities</td>
<td>0</td>
<td>180,948</td>
</tr>
<tr>
<td>Total</td>
<td>876,847,169</td>
<td>909,620,354</td>
</tr>
<tr>
<td>$ change from FY 2020-21 Appropriation</td>
<td>(44,403,053)</td>
<td>(11,629,868)</td>
</tr>
<tr>
<td>% change from FY 2020-21 Appropriation</td>
<td>-4.82%</td>
<td>-1.26%</td>
</tr>
</tbody>
</table>

Federal Medical Assistance Percentage (FMAP) – Nebraska will see a change to its Federal Medical Assistance Percentage (FMAP) in Federal Fiscal Year (FFY) 2022, which starts October 1, 2021. Currently, the FMAP is 56.47 percent. The federal fiscal year 2022 FMAP increases to 57.8 percent. The recommendation includes a reduction of $27,265,000 General Funds for FY 2021-22 and a reduction of $33,582,500 General Funds for FY 2022-23 to account for the improved FMAP. The recommendation includes the corresponding federal fund increases in both fiscal years of the biennium.

Medicaid Utilization – The Department requested $45,465,185 ($19,573,089 General Funds and $25,892,096 federal funds) for FY 2021-22 and $92,046,481 ($39,517,454 General Funds and $52,529,027 federal funds) for FY 2022-23 to finance growth in number of people eligible for the current Medicaid program and utilization of services covered by Medicaid. Historical trends by individual eligibility population were analyzed to arrive at the projected increases. The recommendation includes $45,219,030 for FY 2021-22 and $91,329,442 for FY 2022-23.

The fund mix is different from the request based on the final FMAP for FFY 2022 that were published in the Federal Register on November 30, 2020, more than two months after the Department’s biennial budget request was submitted. The Medicaid utilization recommendation includes providing re-appropriation of $19,401,587 General Funds and an appropriation of $25,817,443 federal funds for FY 2021-22, and appropriations of $38,909,737 General Funds and $52,419,705 federal funds for FY 2022-23 to account for eligibility and utilization increases for the 2021–2023 Biennium.

Medicaid Federal Clawback Payment Reduction – The amount the state is required to reimburse the federal government for Medicaid/Medicare Dual eligible prescription drug costs is projected to decrease beginning in FY 2021-22. The recommendation includes the reduction of $576,159 General Funds for FY 2021-22 and FY 2022-23 to reflect the projected decreases in clawback payments mandated by the federal government.

Health Insurance Provider Fee (HIPF) – In the previous biennium, the department requested $34,184,494 to finance the federal Health Insurance Provider Fee (HIPF), a mandate from the Affordable Care Act (ACA) requiring a tax be paid to the IRS from companies that provide government sponsored health care. This fee was repealed in the Further Consolidated Appropriations Act, 2020, Division N, Subtitle E § 502, which became law on December 20, 2019. The recommendation includes the reduction of $15,478,738 General Funds and $18,705,756 federal funds for FY 2021-22 and FY 2022-23 for HIPF.
CASA Aid Administration – In order to continue to provide aid for the Court Appointed Special Advocate (CASA) Aid Program, the recommendation removes the $500,000 CASA aid from the Supreme Court and adds it to the Child Welfare Program within the Department of Health and Human Services for FY 2021-22 and FY 2022-23.

Medicaid Expansion Admin Reduction – The recommendation reduces the Medicaid Expansion Administration Program appropriation $1,073,813 in General Funds and $1,073,813 in federal funds for FY 2021-22 and FY 2022-23 to align with anticipated future expenditures in this program.

Tetanus Vaccine Coverage – The recommendation does not include the agency requested appropriation of $151,817 General Funds and $201,739 federal funds in FY 2021-22 and an appropriation of $154,094 General Funds and $204,765 federal funds in FY 2022-23 in Medical Assistance.

The recommendation also does not provide an appropriation in Medicaid Expansion Aid of $22,981 General Funds and $206,830 federal funds in FY 2021-22 and appropriations of $29,157 General Funds and $262,416 federal funds in FY 2022-23, to fund routine coverage for a tetanus immunization every ten years for adults. Tetanus is a very rare illness and a routine vaccination schedule is not needed as Medicaid recipients receive the vaccine if medically necessary.

Federal Medical Assistance Percentage (FMAP) – The FMAP, the level of federal participation in budget programs entirely or partially financed through Medicaid, improves by 1.33 percent, from 56.47 percent in federal fiscal year 2021 to 57.8 percent in federal fiscal year 2022, allowing for General Fund reductions, along with increased federal participation in several budget programs. The General Fund reduction allowed with this improvement in the federal match rate for programs impacted by the improved FFY 2022 FMAP during the state 2021–2023 Biennium is shown in the following table:

<table>
<thead>
<tr>
<th>General Fund Impact of FFY 22 FMAP Improvement - by Program</th>
<th>FY 2021-22 Governor's Recommendation</th>
<th>FY 2022-23 Governor's Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developmental Disabilities Service Coordination</td>
<td>(266,910)</td>
<td>(328,755)</td>
</tr>
<tr>
<td>Children's Health Insurance</td>
<td>(1,245,658)</td>
<td>(1,533,833)</td>
</tr>
<tr>
<td>Medicaid</td>
<td>(27,265,000)</td>
<td>(33,582,500)</td>
</tr>
<tr>
<td>Child Welfare Aid</td>
<td>(414,109)</td>
<td>(570,658)</td>
</tr>
<tr>
<td>Beatrice State Developmental Center</td>
<td>(413,280)</td>
<td>(509,040)</td>
</tr>
<tr>
<td>Developmental Disabilities Aid</td>
<td>(4,879,000)</td>
<td>(6,009,500)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>(34,483,957)</strong></td>
<td><strong>(42,534,286)</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FY 2021-22 Issues Funded with Enhanced FMAP Re-appropriation</th>
<th>FY 2021-22 Governor's Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developmental Disabilities Aid</td>
<td>5,271,126</td>
</tr>
<tr>
<td>Children's Health Insurance</td>
<td>2,714,139</td>
</tr>
<tr>
<td>Medicaid</td>
<td>19,518,297</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>27,503,562</strong></td>
</tr>
</tbody>
</table>
**INDUSTRIAL RELATIONS, COMMISSION OF (77)**

The recommendation includes a General Fund appropriation reduction of $5,619 in FY 2021-22 and FY 2022-23 with a corresponding Personal Service Limitation (PSL) reduction of $4,880 in FY 2021-22 and FY 2022-23 to adjust for the 27th payroll in the current FY 2020-21 base appropriation.

**VETERANS’ AFFAIRS, DEPARTMENT OF (28)**

**Vets Get Pets Program** – The recommendation includes the agency requested cash fund appropriation increase of $12,200 in FY 2021-22 and FY 2022-23 for the Vets Get Pets Program. LB 944A (2020 Session Laws) appropriated cash funds of $5,950 in FY 2020-21 and the recommendation provides for the remaining funding.

**Veterans’ Homes** – The recommendation includes a General Fund appropriation increase of $111,338 in General Funds in FY 2021-22 and $224,996 in FY 2022-23 for inflationary increases associated with the operation of the four veteran’s homes located in Nebraska.

**Reduction in Cash and Federal Revenue** – The recommendation includes a General Fund appropriation increase of $3,481,128 in FY 2021-22 and $5.9 million in FY 2022-23. The recommendation also includes a cash fund appropriation reduction of $481,128 in FY 2021-22 and $2.9 million in FY 2022-23 and a corresponding reduction in federal fund appropriation of $3 million in FY 2021-22 and FY 2022-23 to account for decreases in cash and federal revenue. This loss in revenue was mainly attributable to reduced census in the homes related to the COVID-19 public health emergency and construction delays related to the Central Nebraska Veterans Home.

The agency requested deficit request is not recommended as CARES Act reimbursement was provided for public health employees within the agency eliminating the need for the additional General Fund appropriations in FY 2020-21.

**Federal Coronavirus Relief Fund Coverage for Public Health Payroll** – The 2020 CARES Act included over one billion dollars in federal Coronavirus Relief funding to Nebraska. Under United States Treasury guidelines, salary expenditures for local and state public safety personnel costs could be “presumed” to apply to COVID-19 related activities, and therefore qualified for federal reimbursement through the federal Coronavirus Relief Fund (CRF).

The agency submitted for reimbursement from the CRF in the amount of $5,754,799 General Fund, $3,664,073 cash funds payroll expenditures for protective services and direct-contact medical services personnel within the agency for the period 03/01/2020 through 12/20/2020. The reimbursement process allows for these expenditures to be shifted to the CRF federal funding, reducing the necessity for the agency’s requested $7 million General Fund deficit issue.

**LAW ENFORCEMENT AND PUBLIC SAFETY**

**ATTORNEY GENERAL, NEBRASKA (11)**

**Interstate Water Litigation** – The recommendation includes the agency requested General Fund appropriation increase of $300,000 in FY 2021-22 and FY 2022-23 to fund ongoing and potential interstate water litigation.
**CORRECTIONAL SERVICES, DEPARTMENT OF (46)**

**One-Time Cash Appropriation Increase** – The recommendation includes the agency requested cash fund appropriation increase of $750,000 in FY 2021-22, with an offsetting General Fund appropriation reduction of $750,000 in FY 2021-22 to utilize part of an excess cash balance currently existing in the Correctional Facilities Cash Fund.

**FY 2021 Base Adjustment for Protective Services Staff Pay Increases** – Negotiations between the Department of Corrections (NDCS) and Fraternal Order of Police provided for additional pay increases for Corrections protective services staff (Corrections Officers, Corporals, Unit Case Workers, and Sergeants) at various NDCS facilities effective January 1, 2020.

Costs to implement this pay agreement were $2.3 million for the remainder of FY 2019-20 and $5.7 million for FY 2020-21. Because of the suspension and re-convening of the 2020 Legislative Session, the FY 2019-20 amount of $2.3 million was added to FY 2020-21. As a result, the FY 2020-21 General Fund base appropriation for NDCS was artificially high by this $2.3 million. The recommendation includes the agency requested General Fund appropriation reduction of $2.3 million in FY 2021-22 and FY 2022-23, with a corresponding $2,012,500 Personal Service Limitation (PSL) reduction in each year.

**Electronic Health Records System** – The recommendation includes the agency requested General Fund appropriation increase of $744,736 in FY 2022-23 for the existing Electronic Health Records System (NICaMS) application to include Health Services appointment/resource scheduling and electronic charting for key clinical data and medical history. Electronic information, such as demographics, vital signs, diagnoses, treatment plans, progress notes, immunizations, allergies, protocols, orders, consents, and laboratory/test results enable quick access to patient records for more coordinated, efficient continuity of care.

**Workforce Recruitment and Development Program** – The recommendation includes the agency requested General Fund appropriation increase of $225,000 in FY 2021-22 and $450,000 in FY 2022-23 to expand the workforce recruitment and development program between the Department of Corrections and Peru State College (PSC). The initial base appropriation for this program in FY 2020-21 was $523,465.

The program includes commitment by students to work part time at Tecumseh State Correctional Institution, with an opportunity for full time employment after graduation. NDCS provides start-up, recruiting, and scholarship funding for PSC to develop the PSC Criminal Justice Program, with a specific Corrections emphasis.

**Cornhusker State Industries (CSI) Expansion** – The recommendation includes the agency requested revolving fund appropriation increase of $935,460 in FY 2021-22 and $228,042 in FY 2022-23 and a corresponding PSL increase of $162,858 in each year of the biennium to add a dining room in the CSI shop for inmate workers at the Omaha Correctional Center (OCC), as well as add a new laundry operation at the Lincoln Correctional Center (LCC). The agency would also add three new CSI shop supervisors and an additional shop manager.

**HVAC Server** – The recommendation includes the agency requested General Fund appropriation increase of $750,000 in FY 2021-22 to replace an outdated HVAC server located at the Tecumseh State Correctional Institution (TSCI), as well as replace and upgrade the HVAC’s system sensors, monitors, vents, and controls at both TSCI and the OCC.

**Department of Administrative Services (DAS) & Office of the Chief Information Officer (OCIO) Adjustments** – The recommendation provides the agency requested net General Fund appropriation increase of $925,601 in FY 2021-22 and $1,130,332 in FY 2022-23 for changes in DAS and OCIO rates.
Radio Replacement – The recommendation includes the agency requested General Fund appropriation increase of $718,000 in FY 2021-22 to begin switching over to digital radios, which would provide interoperability among NDCS facilities, as well as other state agencies, such as the State Patrol and National Guard.

Reception and Treatment Center Project Staffing – The Corrections Reception and Treatment Center (RTC) capital construction project began in 2018 and is scheduled for completion in January 2022. The RTC will provide a minimal number of critical health care beds, as well as expand and/or renovate core support functions portions of the Diagnostic and Evaluation Center (DEC) and the Lincoln Correctional Center (LCC) to better meet the operational requirements of NDCS’ population needs and also the expansion of health care housing.

The recommendation includes the agency requested General Fund appropriation of $2,063,546 in FY 2021-22 and $4,109,845 in FY 2022-23, with corresponding funding for 33.5 additional FTE or $1,454,176 in Personal Service Limitation (PSL) for FY 2021-22 and 66.5 FTE or $2,956,008 in PSL for FY 2022-23.

Lincoln Correctional Center High Security Housing Project Staffing – The Lincoln Correctional Center (LCC) High Security Housing project began in 2020 and is scheduled for completion in June 2022. NDCS is requesting funding for partial staffing and operating costs in FY 2021-22 to be prepared to house inmates in the facility on a gradual basis, as soon as project phases are completed.

The recommendation includes the agency requested General Fund appropriation increase of $925,795 in FY 2021-22 and $3,549,258 in FY 2022-23. The recommendation also includes a PSL increase of $629,420 in FY 2021-22 and 59 FTE $2,528,254 in FY 2022-23.

Salary Compression Issues – Salary compression issues exist for a number of Corrections supervisory position classifications, including Case Managers, Unit Managers, Corrections Lieutenants, Captains, Majors, and Unit Administrator. In addition to the overall Enterprise Issue for annual teammate salary increases, the agency’s budget request includes a 2.5 percent increase for all such incumbents effective July 1, 2021 and a two percent increase in FY 2022-23 over FY 2021-22.

The recommendation includes the agency requested General Fund appropriation increase of $724,777 in FY 2021-22 and $1,464,048 in FY 2022-23. The recommendation also includes a PSL increase of $629,420 in FY 2021-22 and $2,171,429 in FY 2022-23.

Vocational and Life Skills Program Adjustment – LB 1096 (2020 Session Laws) was referenced to the Appropriations Committee of the Legislature and was incorporated into the 2020 mid-biennium budget adjustment bill – LB 1008 (2020 Session Laws). This increased the General Fund aid appropriation for the base year FY 2020-21 by $500,000 for the Nebraska Department of Correctional Services (NDCS) Vocational and Life Skills program.

The recommendation for the 2021–2023 Biennium reduced General Fund appropriation for this program by $250,000 in FY 2021-22 and FY 2022-23 as the Department has indicated total aid funding of $3,750,000 should be sustainable.

Federal Coronavirus Relief Fund Coverage for Public Safety Payroll – The 2020 CARES Act included over one billion dollars in federal Coronavirus Relief funding to Nebraska. Under United States Treasury guidelines, salary expenditures for local and state public safety personnel costs could be “presumed” to apply to COVID-19 related activities, and therefore qualified for federal reimbursement through the federal Coronavirus Relief Fund (CRF).
The agency submitted for reimbursement from the CRF in the amount of $38,172,406 General Fund payroll expenditures for protective services and direct-contact medical services personnel within the agency for the period 7/01/20 – 10/31/20. The reimbursement process allows for these expenditures to be shifted to the CRF federal funding, reducing the agency General Fund expenditures by a like amount in FY 2020-21. The recommendation reduces the FY 2020-21 General Fund appropriations to Corrections by $38,172,406.

**EQUAL OPPORTUNITY COMMISSION (67)**

The recommendation for the 2021–2023 Biennium includes only those items identified as “Enterprise Issues” – Teammate Annual Salary Increases, and Health Care Premium Costs.

**FIRE MARSHAL, STATE (21)**

**SLEBC Contract Step Increase** – After negotiations on a State Law Enforcement Bargaining Contract (SLEBC) step pay increase issue, the State agreed to move SLEBC teammates to the next highest step on the scale as of July 1, 2020. This change also impacts ongoing salary costs in the 2021–2023 Biennium.

The recommendation includes a General Fund and cash fund appropriation increase of $75,256 in FY 2021-22 and $150,513 in FY 2022-23. The recommendation also includes a Personal Service Limitation (PSL) increase of $65,355 in FY 2021-22 and $130,710 in FY 2022-23.

**Training Division Cash Fund Appropriation** – The recommendation includes a cash fund appropriation increase of $27,996 in FY 2021-22 and in FY 2022-23 for the Training Division Program to allow appropriations to match overall annual training revenues, enabling the agency to provide additional training to local fire departments and to purchase additional training and testing equipment.

**Underground Storage Program Cash Fund Appropriation** – The recommendation does not include the agency requested cash fund appropriation reduction of $200,000 in FY 2021-22 and FY 2022-23 for the Underground Storage Tank Program to better adjust appropriations to actual revenues for the program. The recommendation does not provide for this cash fund appropriation reduction, in order to provide the agency more flexibility regarding the needs of the program.

**LAW ENFORCEMENT AND CRIMINAL JUSTICE, COMMISSION ON (78)**

**Law Enforcement Training Center Funding** – The Law Enforcement Training Center (LETC) within the Crime Commission derives funding from court fees and training class tuitions. Court fee revenues have been declining over the past five years causing the need for an increase in General Fund appropriation and corresponding reduction in cash fund authority.

The recommendation includes a General Fund appropriation increase and corresponding cash fund appropriation reduction of $55,000 in FY 2021-22 and $180,000 in FY 2022-23.

**Law Enforcement Training Center Rent and Depreciation Charges** – The Department of Administrative Services (DAS) projected annual rates for depreciation charges for the Law Enforcement Training Center (LETC) for the upcoming 2021–2023 Biennium are $83,599 lower than the current rates for the base year FY 2020-21. Similarly, the DAS projected annual rent charges for the LETC for the upcoming biennium are $109,415 lower than the current base year FY 2020-21 rates.

The recommendation includes the agency requested reduction in General Fund appropriations for the LETC of $193,014 in FY 2021-22 and FY 2022-23 to reflect these cost savings.
Law Enforcement Training Center Fleet Vehicles and Testing Software – In 2019, the LETC took possession of a fleet of surplus vehicles from the Nebraska State Patrol in order to establish a separate training fleet. The State Patrol and the LETC each maintain their own training fleet due to differences in the driving techniques trained. The LETC has an established maintenance and replacement schedule for training vehicles. The agency request includes $40,000 General Fund appropriation in FY 2021-22 and FY 2022-23 to replace vehicles that are no longer safe to be used on the LETC driving track.

In addition, the testing software used for evaluating students at the LETC is outdated and no longer able to be supported by the original software vendor or the Office of the Chief Information Officer (OCIO). The recommendation includes the agency requested General Fund appropriation increase of $45,000 in FY 2021-22 and FY 2022-23 to provide for the acquisition and installation of replacement testing software.

Law Enforcement Training Center Instructor Salaries – A recent analysis of the salaries paid to the instructors at the LETC revealed only minimal separation in the current pay scale. Instructors are hired at the lower end of the pay scale and the difference in pay from an instructor with one year of experience at the Training Center compared to an instructor with twelve years is minimal. There is no distinct path to advancement through the current pay scale structure.

The recommendation includes the agency requested General Fund appropriation increase of $53,407 in FY 2021-22 and $55,009 in FY 2022-23 to allow for salaries to be increased and provide needed longevity recognition and predictability within LETC.

Office of Violence Prevention Staffing – After reviewing overall agency functions and needs and restructuring agency staffing, the Crime Commission has determined that a part-time Federal Aid Administrator position was not necessary for the duties of the Office of Violence Prevention. The recommendation includes the agency requested General Fund appropriation reduction of $44,840 in FY 2021-22 and FY 2022-23, with a corresponding Personal Service Limitation (PSL) reduction of $20,000 in each year.

County Juvenile Services Aid Base Adjustment – Over the past five fiscal years, the County Juvenile Services Program administered by the Crime Commission has averaged annual General Fund appropriations of approximately $9.4 million and spent only an average annual amount of $6.5 million. The Commission has attempted to grant the entire annual aid provided but has not received the participation required to administer the full grant amount. The recommendation includes the agency requested General Fund appropriation reduction of $250,000 in FY 2021-22 and FY 2022-23.

Liquor Control Commission (35)

Licensing System Software – The Liquor Control Commission contracted for a needs analysis through the Office of the Chief Information Officer (OCIO), which concluded the current system is in danger of being unserviceable and in need of replacement. The OCIO noted an off-the-shelf system might best meet the needs of the agency. The Nebraska Information Technology Commission (NITC) ranked this project proposal in the high priority category.

The recommendation includes a General Fund appropriation increase of $3,957,577 for purchase, installation, and support in FY 2020-21 and $324,980 for ongoing maintenance and license fees in FY 2021-22 and FY 2022-23 to provide for an off-the-shelf flexible browser-based alcoholic beverage licensing system software and related ongoing license fees.

Office of the Chief Information Officer (OCIO) Usage Rates – The recommendation does not include the agency requested General Fund appropriation increase of $93,400 in FY 2021-22 and FY 2022-23 related to the projected increased maintenance and service fee costs to the OCIO for the Commission’s licensing software. With the recommendation to replace the current system, the need for additional maintenance costs to service the old system is unnecessary.
Adjustment to Base Appropriation – The recommendation includes the agency requested General Fund appropriation reduction of $32,549 in FY 2021-22 and FY 2022-23 related to the 27th payroll issue that was financed in the Commission’s FY 2020-21 base appropriation and is no longer necessary for the upcoming 2021–2023 Biennium.

Military Department (31)

National Guard Facility Maintenance Positions – The recommendation includes the agency requested General Fund appropriation increase of $21,883 in FY 2021-22 and $41,126 in FY 2022-23, with corresponding federal fund appropriation increases of $315,759 in FY 2021-22 and $386,973 in FY 2022-23 for the addition of five new teammates to assist in growing federal requirements and funding financed at a 75 percent federal, 25 percent state cost share. The recommendation also includes Personal Service Limitation (PSL) increases of $164,197 in FY 2021-22 and $202,263 in FY 2022-23 for these five new positions.

Governor’s Emergency Program Base Adjustment – The Nebraska Military Department requested a mid-biennium budget adjustment of $55,240,974 General Fund appropriation in FY 2019-20 in the Governor’s Emergency Program to provide for the state share and local assistance of the 2019 flooding disaster relief. The 2020 Legislative session delayed the mid-biennium budget bill (LB 1008) until August 2020, this increase in General Fund appropriation was enacted for FY 2020-21.

In order to re-adjust the Governor’s Emergency Program to its normal base level, the recommendation includes the agency requested reduction of General Fund appropriation in FY 2021-22 and FY 2022-23 of $55,240,974.

Reduction in SEAT Appropriations – The Nebraska Emergency Management Agency (NEMA) is responsible for the contractual costs associated with the Single Engine Air Tanker (SEAT) deployed during state fire emergencies. The operating costs for the SEAT and stand-by supplies of fire retardant are provided in the NEMA budget ($362,500 per year), and costs for the SEAT when deployed on a firefighting mission are derived from the Governor’s Emergency Program. The recommendation includes the agency requested reduction in General Fund appropriation of $137,500 in FY 2021-22 and FY 2022-23 related to the SEAT maintenance costs, as primary SEAT operating costs are funded through the Emergency Program when actually utilized.

Governor’s Emergency Cash Fund – COVID-19 Balance – Following the transfer of $60 million from the Governor’s Emergency Program Cash Fund – COVID-19 previously outlined in LB 1009 (2020 Session Laws), the balance of the fund is estimated to be approximately $19.9 million.

The recommendation maintains the remaining cash fund balance and related cash fund appropriation in the Military Department’s Governor’s Emergency Program – COVID-19, to utilize against continuing, as well as further unforeseen COVID-19 related costs, which may not be covered by any federal relief funding.

Space Command Funding – The recommendation transfers $50 million from the Cash Reserve Fund in FY 2021-22 to the Governor’s Emergency Program Cash Fund to support the state’s bid to house the U.S. Space Command operations in Nebraska.

Parole/Pardons, Nebraska Board of (15)

The recommendation for the 2021–2023 Biennium includes only those items identified as “Enterprise Issues” – Teammate Annual Salary Increases, and Health Care Premium Costs.
**Public Advocacy, Commission on (94)**

**Office Rent** – The recommendation includes the Commission’s requested cash fund appropriation increase of $3,080 in FY 2021-22 and FY 2022-23 to cover contractual rent rate increases for the upcoming biennium.

**State Patrol, Nebraska (64)**

**Consolidated Office Space** – The Nebraska State Patrol (NSP) developed a business plan to consolidate State Patrol Headquarters and several other office locations in Lincoln into one combined space at a new facility in FY 2020-21. Part of the plan to cover the increased cost of the new facility involved closing three currently vacant positions, current lease structure and using the savings to offset new lease costs. The recommendation includes the agency requested Personal Service Limitation (PSL) reductions derived from these three positions $99,801 in FY 2021-22 and FY 2022-23.

**Crime Lab Lease Cost and Other Facility Funding** – The State Patrol began a phased-in approach to shift funding for the Crime Lab from cash funds to General Funds, with approximately 23 percent or $484,000 of this cost being funded with General Funds appropriation in FY 2019-20 and FY 2020-21.

The second phase of the plan would entail an additional approximately 52 percent of costs being funded with General Funds in FY 2021-22 and FY 2022-23. The Public Safety Cash Fund has experienced declining revenue for the past five years.

The recommendation includes the agency requested cash fund appropriation reduction and corresponding General Fund increase of $265,000 in FY 2021-22 and FY 2022-23. The recommendation also includes the agency requested shift of $75,506 in Investigative Services facility rent from cash fund appropriation to General Fund appropriation for FY 2021-22 and FY 2022-23.

**Office of the Chief Information Officer (OCIO) Rates** – The agency has absorbed over the last two budget cycles cost increases related to rate changes made by the OCIO. The agency has utilized vacancy savings it has realized to cover base costs. As the agency reduces vacant positions, there is a resulting need for increased appropriations in the upcoming biennium.

The recommendation includes the agency requested General Fund appropriation increase of $904,140 in FY 2021-22 and $938,240 in FY 2022-23 with corresponding net cash and federal fund appropriation increases of $733,979 in FY 2021-22 and $742,203 in FY 2022-23.

**Capitol Security Personnel Needs** – The agency has identified several additional staffing needs and/or changes related to Capitol Security. These include:

- Move IT Employee Between Programs - From the Command and Support Program (General Funds) to the Capitol Security Program (Revolving Funds)
- Two additional Security Guards - In the Capitol Security Division via revolving funds
- Accountant Funding Shift - 1/3 by Capitol Security Revolving Funds, 1/3 via federal funds, and 1/3 from the Public Safety Communication Cash Fund
- Reduction of a Security Director - Position currently vacant and no longer necessary reducing revolving funds

The recommendation includes the agency requested General Fund appropriation reduction of $79,719 with related increases in cash, federal, and revolving funds of $105,348 for a net combined total (all funds) of $25,629 in FY 2021-22 and FY 2022-23. Net impact on PSL for each of the fiscal years is an increase of $44,319.
Projected Gasoline Cost Savings – The recommendation includes the agency requested General Fund appropriation reduction of $65,069 in FY 2021-22 and FY 2022-23 based on the agency’s projected expenditures during the upcoming 2021–2023 Biennium for projected budgeted gasoline cost based on the U.S. Energy Information Administration.

Salary Adjustments for Various Position Changes – The recommendation includes the requested General Fund appropriation increase of $284,816 with related increases in cash, federal, and revolving funds for a combined total $489,167 for FY 2021-22. The recommendation also provides a General Fund appropriation increase of $366,497, with related increases in cash, federal, and revolving funds for a combined total $570,848 for FY 2022-23. Also included is a corresponding PSL increase of $428,702 in FY 2021-22 and $493,184 in FY 2022-23 for reclassed positions within the Patrol for recruitment and retention efforts, and address wage inversion issues between position classes.

SLEBC Contract Step Increase – After negotiations on a State Law Enforcement Bargaining Contract (SLEBC) step-pay increase issue, the State agreed to move SLEBC teammates to the next highest step on the scale as of July 1, 2020. This change also impacts ongoing salary costs in the 2021–2023 Biennium.

The recommendation includes the agency requested General appropriation increase of $309,055 with related increases in cash, federal, and revolving funds of a combined total $368,527 for FY 2021-22 and FY 2022-23 with corresponding PSL increases of $313,852 in each year of the biennium.

Vehicle Purchases – The recommendation includes the agency requested General Fund appropriation increase of $259,500 in FY 2021-22 and FY 2022-23 in order to maintain the necessary vehicle replacement rotation. The Patrol had previously increased the mileage limits for vehicles before consideration for replacement.

Aviation Support – Helicopter Lease – The Nebraska State Patrol (NSP) has identified the need to replace its current helicopter, due to age, hours of use, and increasing maintenance costs. The agency request includes $380,000 General Fund appropriation in FY 2021-22 and FY 2022-23 to support lease costs on a new helicopter. The recommendation does not provide for these ongoing lease costs and anticipates the State Patrol will utilize unobligated re-appropriations to obtain a new helicopter.

Federal Coronavirus Relief Fund Coverage for Public Safety Payroll – The 2020 CARES Act included over one billion dollars in federal Coronavirus Relief funding to Nebraska. Under United States Treasury guidelines, salary expenditures for local and state public safety personnel costs could be “presumed” to apply to COVID-19 related activities; therefore, qualified for federal reimbursement through the federal Coronavirus Relief Fund (CRF).

The agency submitted for reimbursement from the CRF in the amount of $11,709,891 General Fund payroll expenditures for sworn public safety personnel within the agency for the period 7/01/20 – 10/31/20. The reimbursement process allows for these expenditures to be shifted to the CRF federal funding, reducing the agency General Fund expenditures by a like amount in FY 2020-21. The recommendation reduces the FY 2020-21 General Fund appropriations to State Patrol by $11,709,891.

SUPREME COURT (05)

CASA General Fund Aid Appropriation Reduction – LB 229 (2015 Session Laws), provided a General Fund base appropriation for the Court Appointed Special Advocate (CASA) aid funding, which had previously been cash funded. The Supreme Court requested the removal of the automatic carry-forward of the FY 2020-21 base General Fund appropriation for CASA of $500,000, indicating base-level funding should not be assumed for this aid, but should be sought each year, if needed by CASA itself.
In order to continue to provide aid for the Court Appointed Special Advocate (CASA) Aid Program, the recommendation removes the $500,000 CASA aid from the Supreme Court and adds it to the Child Welfare Program within the Department of Health and Human Services for FY 2021-22 and FY 2022-23.

**General Fund Base Adjustment** – Since separating Juvenile Justice funding from the Adult Community Corrections services program beginning in FY 2016-17, the Courts have underspent both the Adult Community Corrections Program and the Juvenile Justice Program General Fund appropriations from FY 2016-17 through FY 2019-20.

The FY 2019-20 General Fund appropriations were underspent by $18,881,196 (17.3%). This amount was carried over (re-appropriated) from FY 2019-20 into FY 2020-21. Based on spending patterns through December 2020, it appears the Juvenile Justice Program and the Adult Community Corrections Program, combined, could potentially be underspent at June 30, 2021 by another $12.2 million (after encumbrances). The recommendation reduces the General Fund appropriation base in the Adult Community Corrections program by $1.5 million and reduces the General Fund appropriation base in the Juvenile Justice program by $8.5 million ($10 million total) in FY 2021-22 and FY 2022-23.

**New District Court Judge** – LB 309 (2019 Session Laws) increases the number of District Court judges in the fourth judicial district (Douglas County) from 16 to 17, beginning July 1, 2021. The recommendation includes the agency requested General Fund appropriation increase of $321,140 in FY 2021-22 and $316,780 in FY 2022-23 with a corresponding Personal Service Limitation (PSL) increase of $236,165 in each year of the biennium to provide for the salary and operating costs of the additional judge and court reporter.

**Judges’ Salaries** – LB 300 (2019 Session Laws) provided for a three percent annual increase in judges’ salaries in FY 2019-20 and FY 2020-21. The recommendation provides for annual increases of three percent for judges’ salaries in FY 2021-22 and FY 2022-23 which would amount to a $1,030,932 General Fund appropriation increase in FY 2021-22 and $1,887,596 in FY 2022-23.

**Workers’ Compensation Court (37)**

The recommendation for the 2021–2023 Biennium includes only those items identified as “Enterprise Issues” – Teammate Annual Salary Increases, and Health Care Premium Costs.

**PUBLIC FINANCE**

**Administrative Services, Department of (65)**

**Statewide Agency Leasing Projects** – The recommendation includes the agency requested revolving fund appropriation increase of $2,750,000 in FY 2021-22 and FY 2022-23 related to anticipated statewide agency-initiated expansion of leased commercial space in the 2021–2023 Biennium. Leasing and related maintenance and administrative costs are paid by the Department of Administrative Services (DAS) and then billed to agencies through the State Building Revolving Fund.

**Claims Bill Rebase** – The claims bill traditionally passes prior to fiscal year end providing appropriation in the current fiscal year, thus having no impact on base appropriation. Due to an extended legislative recess in response to the 2020 pandemic, LB 927 (2020 Session Laws) passed in July after the new fiscal year had begun and inflated the base by the amount of the appropriation provided.
The recommendation includes the agency requested revolving fund appropriation reduction of $2,236,827 in FY 2021-22 and FY 2022-23 to correct the base appropriation for the risk management programs. The recommendation also includes General Fund appropriation of $150,000 in FY 2020-21 in the Department of Administrative Services (DAS) Risk Management State Insurance program for potential litigation expenses.

**MATERIEL DIVISION APPROPRIATION REBASE** – The recommendation includes the agency requested revolving fund appropriation reduction of $4 million in FY 2021-22 and FY 2022-23 to more accurately reflect the decreased assessment and expenditure experience related to procurement, printing, and publication activity.

**WORKERS’ COMPENSATION ASSESSMENT** – The State has experienced an increase in workers’ compensation claim experience over the 2019–2021 Biennium which has necessitated an increase in assessments to support the actuarially projected claims experience demand on the fund balance. The recommendation includes the agency requested revolving fund appropriation increase of $5 million in FY 2021-22 and FY 2022-23.

**STATE INSURANCE ASSESSMENT** – The recommendation includes the agency requested revolving fund appropriation increase of $2 million in FY 2021-22 and FY 2022-23 related to the growth in excess carrier insurance premium expenses.

**TEAMMATE RECOGNITION** – The recommendation includes $156,000 revolving fund appropriation in FY 2021-22 and $250,000 revolving fund appropriation in FY 2022-23 to support the agency’s proposed restructure of the teammate recognition program.

**CENTER OF OPERATIONAL EXCELLENCE** – The Center of Operational Excellence (COE) has operated utilizing an existing fund balance in the Department of Administrative Services Revolving Fund. Funding availability above ongoing operational fund utilization is projected to be depleted in FY 2021-22.

The recommendation includes a shift of $148,368 in FY 2021-22 and $151,997 in FY 2022-23 from revolving fund appropriation to General Fund appropriation in support of ongoing beneficial COE support of statewide process improvements.

**EXPANSION OF LEASED COMPUTERS** – The recommendation does not include the agency requested revolving fund appropriation increase related to expansion of leased computers as adjustments have been made to operate within the current level of appropriation.

**STATEWIDE AGENCY IT PROJECTS** – The recommendation includes the agency requested revolving fund appropriation increase of $5 million in FY 2021-22 and FY 2022-23 for anticipated statewide agency-initiated projects in the 2021–2023 Biennium.

**MICROSOFT LICENSES** – The recommendation includes the agency requested revolving fund appropriation increase of $387,000 in FY 2021-22 and $774,000 in FY 2022-23 for the increased cost of securing licenses for the standard Microsoft software platform utilized by state agencies.

**SITE SUPPORT TRANSPORTATION** – The recommendation includes the agency requested revolving fund appropriation increase of $162,000 in FY 2021-22 and FY 2022-23 in the Transportation Services Bureau (TSB) related to the anticipated need to procure eleven site support vehicles over the course of the 2021–2023 Biennium.

The recommendation also includes the agency requested revolving fund appropriation increase within the Communications Division of $19,800 in FY 2021-22 and $39,600 in FY 2022-23 for payment of the TSB assessment related to the vehicle replacements.
IT Position Transfer – The recommendation includes the agency requested revolving fund appropriation reduction of $75,020 in FY 2021-22 and FY 2022-23 and a corresponding Personal Service Limitation (PSL) increase of $65,150 in each year related to the transfer of an IT infrastructure support analyst to the Nebraska State Patrol due to the nature of the position’s assigned responsibilities.

Rural Broadband Task Force – LB 994 (2018 Session Laws) created a Rural Broadband Task Force within the Nebraska Information Technology Commission (NITC). A transfer of $50,000 occurred in FY 2018-19 to the newly created Rural Broadband Task Force Fund, which is used for the cost of conducting meetings and expense reimbursement for task force members.

A cash fund appropriation of $25,000 was provided for FY 2019-20, however, there is no base appropriation provided in FY 2020-21. The recommendation includes a cash fund appropriation increase of $35,000 in FY 2021-22 to account for the remaining $35,000 fund balance.

State Broadband Coordinator – The recommendation includes a $111,506 transfer from the Nebraska Universal Service Fund to the Rural Broadband Task Force Fund and a matching amount of cash fund appropriation in FY 2022-23 to fund the State Broadband Coordinator position created by LB 992 (2020 Session Laws) within the Office of the Chief Information Officer.

Auditor of Public Accounts (10)

Administrative Assessments & NASACT Peer Review – The recommendation includes the agency requested General Fund appropriation increase of $21,957 in FY 2021-22 and $47,457 in FY 2022-23 for rate assessment and a National Association of State Auditors, Comptrollers and Treasurers (NASACT) peer review conducted every three years.

New Auditor Positions – The recommendation does not include the agency requested General Fund appropriation increase of $287,875 in FY 2021-22 and $293,632 in FY 2022-23 related to the hiring of five new auditors to assist with published audits.

Promotion and Professional Development Increases – The recommendation does not include the agency requested General Fund appropriation increase of $43,757 in FY 2021-22 and $38,444 in FY 2022-23, in addition to the two percent provided to most teammates in state government.

Investment Council, Nebraska (75)

Administrative Assessments – Current appropriation is sufficient to accommodate projected increases in administrative service rate assessments and the agency requested cash fund appropriation increases in FY 2021-22 and FY 2022-23 related to these expenses are not recommended.

Retirement Systems, Nebraska Public Employees (85)

Actuarial Recommendations Adopted by Public Employee Retirement Board – The retirement system’s consulting actuary has estimated additional contributions are required for the State Patrol Plan and the Judges Retirement Plan. The FY 2021-23 estimations include plan assumption changes recommended by the 2020 experience study and adopted by the Public Employee’s Retirement Board.

State Patrol Plan – The consulting actuary indicates a need of additional contributions to the plan. The recommendation includes a reduction in General Fund appropriation of $30,846 for FY 2021-22 and an increase in General Fund appropriation of $587,130 for FY 2022-23. The recommendation includes $4,082,024 General Funds in FY 2021-22 and $4.7 million General Funds in FY 2022-23.
Judges Retirement Plan – The consulting actuary indicates a need of additional contributions to the plan. The recommendation includes increases in General Fund appropriation of $1,078,925 for FY 2021-22 and $1,182,206 for FY 2022-23. The recommendation includes $1,427,719 General Funds in FY 2021-22 and $1,531,000 General Funds in FY 2022-23.

School Employee Plan – The consulting actuary indicates no need for additional contributions to the plan. The recommendation includes a General Fund appropriation of $51,544,204 for FY 2021-22 and $52.6 million in FY 2022-23. Included in these amounts is $50,324,584 in FY 2021-22 and $51.5 million in FY 2022-23 for the state’s two percent match of salary under the School Employees Retirement plan and the Class V School Employees Retirement Plan. Also included is $1,219,620 in FY 2021-22 and $1.1 million in FY 2022-23 for the Class V Retirement Plan Service Annuity.

Administrative and Technology Assessments – The recommendation does not include the agency requested cash fund appropriation increases related to administrative and technology assessments because current appropriation is sufficient to accommodate these expenditures.

Reporting Software Migration – The recommendation includes the agency requested $278,000 cash fund appropriation increase for FY 2021-22 to migrate to new reporting software.

Actuarial Audit – The recommendation supports completion of an actuarial audit in the 2021-2023 Biennium in accordance with industry standards, however the agency requested cash fund appropriation increase is not included in the recommendation because current appropriation is sufficient to accommodate this expenditure.

Revenue, Department of (16)

Annualize Appropriation for Various Legislative Bills – The recommendation the agency requested net General Fund appropriation reduction of $860,692 in FY 2021-22 and $834,792 in FY 2022-23 and also includes the agency requested cash fund appropriation reduction of $60,200 in FY 2021-22 and $59,900 in FY 2022-23 as detailed below:

- LB 310 (2019 Session Laws) – Nebraska Job Creation & Mainstreet Revitalization Act
- LB 477 (2020 Session Laws) – Segal AmeriCorps Ed Award Program
- LB 1042 (2020 Session Laws) – Nebraska Educational Savings Plan Trust
- LB 1107 (2020 Session Laws) – ImagiNE Nebraska Act

Increase Homestead Exemption Reimbursement to Political Subdivisions – The Homestead Exemption program provides direct property tax relief to eligible persons by exempting all or a portion of the valuation of the homestead from taxation. The State reimburses local governments for the taxes lost due to this program.

The recommendation includes a General Fund appropriation increase of $2 million over the FY 2020-21 base appropriation. The recommendation also includes a General Fund appropriation increase of $3.2 million in FY 2021-22 and $8.5 million in FY 2022-23 for the agency’s estimated homestead exemption tax loss experienced by local governments and reimbursed by the State.

Projected Rate Adjustments – The recommendation includes the agency requested General Fund appropriation reduction of $109,369 in FY 2021-22 and FY 2022-23 related to the Department of Administrative Services (DAS) and Office of the Chief Information Officer (OCIO) rate adjustments for the 2021–2023 Biennium.

Transfers to General Fund – The recommendation includes transfers totaling $7 million in FY 2021-22 and FY 2022-23 from the Tobacco Products Administration Cash Fund to the General Fund.
**TAX EQUALIZATION AND REVIEW COMMISSION (93)**

The recommendation for the 2021–2023 Biennium includes only those items identified as “Enterprise Issues” – Teammate Annual Salary Increases, and Health Care Premium Costs.

**TREASURER, STATE (12)**

**Aid to Counties** – LB 1107 (2020 Session Laws) eliminated the $10,000 personal property tax exemption for tax year 2020 and every year thereafter. Following passage of the bill, locally assessed personal property was fully assessed at 100 percent of value for property tax year 2020 and taxed for distribution to the various political subdivisions based on the 2020 levy rates.

The timing of the passage of LB 1107 did not allow for the adjustment to occur for centrally assessed personal property and the $10,000 personal property tax exemption was provided. Taxes were distributed to various political subdivisions based on the 2020 levy rates at the lowered rate. The recommendation includes a General Fund appropriation increase of $3,379,472 in FY 2020-21 to compensate counties for the loss of revenue due to the timing of implementation of LB 1107.

**Operating Adjustments** – The recommendation includes the agency requested General Fund appropriation reduction of $6,796 in FY 2021-22 and an increase of $2,659 in FY 2022-23 related to administrative assessments, building rent expenses and reduced software costs for the upcoming biennium.

**Add Staff Person & Increase ABLE Operating Expenses** – The recommendation does not include the agency requested cash fund appropriation increase of $80,515 in FY 2021-22 and $82,211 in FY 2022-23 and corresponding Personal Service Limitation (PSL) increase of $25,000 in FY 2021-22 and $25,500 in FY 2022-23. These increases are related to the addition of an assistant director and additional operating expenses for the Achieving a Better Life Experience (ABLE) program to attempt to increase participation in the plan. The ABLE program has averaged $40,000 annually in fees generated, with these issues representing double the amount of revenue generated each year.

**TRANSPORTATION**

**MOTOR VEHICLE LICENSING BOARD (40)**

The recommendation for the 2021–2023 Biennium includes only those items identified as “Enterprise Issues” – Teammate Annual Salary Increases, and Health Care Premium Costs.

**MOTOR VEHICLES, DEPARTMENT OF (24)**

**License Plate Production Costs** – The recommendation includes the agency requested cash fund appropriation increase of $8,508,855 in FY 2021-22 and $3,614,667 in FY 2022-23 for the production and issuance of the 2023 plate series.

**Credential and Testing System** – The recommendation includes the agency requested for cash fund appropriation increase of $13,500 in FY 2022-23 for additional SQL software licenses.

**DAS & OCIO Rate Adjustments** – The recommendation includes the agency requested cash fund appropriation decrease of $27,147 in FY 2021-22 and $27,147 in FY 2022-23 attributable to DAS rate adjustments. The recommendation also includes the agency requested cash fund appropriation increase of $387,559 in FY 2021-22 and $403,480 in FY 2022-23 attributable to the increase in OCIO rates and expenses.
DMV Decrease in Federal Funds – The recommendation includes the agency requested federal fund appropriation decrease of $161,881 in FY 2021-22 and $175,293 in FY 2022-23. This is due to fewer grants received by the DMV from the Federal Motor Carriers Safety Administration.

Service Center Rent Increases – The recommendation includes the agency requested cash fund appropriation increase of $11,434 in FY 2021-22 and $11,665 in FY 2022-23. These increases are in line with a two percent annual increase in rent for the Service Centers.

VICTORY Maintenance – The recommendation includes the agency requested cash fund appropriation increase of $2,311,200 in FY 2021-22 and $1,961,200 in FY 2022-23. This is for the maintenance costs of the Vehicle Title & Registration project, which went live in October 2019.

TRANSPORTATION, DEPARTMENT OF (27)

Feasibility Study – The recommendation includes carryover authority of $100,000 General Funds from FY 2020-21 into FY 2021-22 that were originally appropriated to carry out a feasibility study to evaluate the potential transportation and economic development benefits of constructing an additional bridge across the Missouri River within the city of Omaha. The Department has leveraged an additional $400,000 in federal funds to conduct the study and the execution of this plan will run past June of 2021 in order to facilitate a more comprehensive study.

Division of Aeronautics

Asset Management – The recommendation includes the agency requested cash fund appropriation increase of $296,358 in FY 2021-22 and $547,222 in FY 2022-23. This asset management includes adjustments for Aircraft Operations, Aircraft Reserves, Airport Pavement Maintenance, Navigational Aids, and State-Owned Airfields.

Federal Grants for Public Airports – The recommendation includes the agency requested cash fund appropriation increase of $15,355,000 in FY 2021-22 and $5.5 million in FY 2022-23. This appropriation increase is for grants provided from the Federal Aviation Administration under the Airport Improvement Program.

Collaboration – The recommendation includes the agency requested cash fund appropriation increase of $182,325 in FY 2021-22 and $189,575 in FY 2022-23. This appropriation increases right-sizes the budget for Aeronautics Administration and various Airport Planning & Projects.

Division of Roads

The total cash fund recommendation for the Roads Division of the Nebraska Department of Transportation over the 2021–2023 Biennium including operations, government aid, highway construction, and capital facilities construction is based on an estimated base motor fuel tax level of 28.7 cents per gallon. The Department received approximately 70 percent of the fuel tax revenues and the remaining 30 percent is distributed equally by the cities and counties in the state.

The recommendation for the 2021–2023 Biennium is based on a state Highway Cash Fund appropriation of $477 million in FY 2021-22 and $480 million in FY 2022-23.

Asset Management

Fleet Replacement Plan – The recommendation includes the agency requested cash fund appropriation increase of $6 million in FY 2021-22 and $11 million in FY 2022-23. This appropriation increase is to enable the Nebraska Department of Transportation (NDOT) to adequately invest in the fleet equipment within the agency. In 2019, NDOT hired a professional fleet consulting firm to provide recommendations on equipment life cycles, provide input on estimated impacts of various funding levels for NDOT’s fleet replacement plan.
The study provided substantial findings including; 1) The NDOT fleet is outdated compared to other state DOTs, 2) Many of NDOT’s optimal replacement cycles, which aren’t followed, are too long and largely out of line with industry best practices, 3) Fleet availability is decreasing dramatically, 4) NDOT’s mechanics are invaluable and doing all they to keep the fleet on the road, 5) To optimize fleet over a ten-year period, NDOT would need to spend $56 million per year. The additional $6 million and $11 million will bring the total fleet replacement appropriation to $20 million in FY 2021-22 and $25 million FY 2022-23, a sizable investment, but still much lower than the consultant recommendation. This fleet investment is made in balance with NDOT’s construction schedule on highways and bridges across the state.

**Repair & Maintenance of Assets** – The recommendation includes the agency requested cash fund appropriation increase of $110,266 in FY 2021-22 and $586,387 in FY 2022-23. This appropriation increase is to align the budget for repair and maintenance for NDOT’s assets.

**Collaboration** – The recommendation includes the agency requested cash fund appropriation increase of $2,566,720 in FY 2021-22 and $1,846,720 in FY 2022-23. This increase is to enable NDOT to modernize their financial services system, as well as several technological enhancements within the agency.

**Fiscal Responsibility**

**Department of Administrative Services (DAS) Assessments** – The recommendation includes the agency requested cash fund appropriation of $181,024 in FY 2021-22 and FY 2022-23 for anticipated DAS Assessments.

**Office of the Chief Information Officer (OCIO) IT FTE Transfer Offset** – The recommendation includes the agency requested cash fund appropriation of $1,808,799 in FY 2021-22 and FY 2022-23. During the previous biennium, the OCIO undertook the information technology consolidation initiative. During the transition, the costs for those FTE were subsequently shifted to the OCIO and reduced from the NDOT budget. Those FTE may have shifted but the expenses are still being realized by NDOT operating expenses and not personal services. This increase realigns their budget with those expenditures.

**Office of the Chief Information Officer (OCIO) Rates & Related Costs** – The recommendation includes the agency requested cash fund appropriation of $1,323,974 in FY 2021-22 and $651,406 in FY 2022-23 for anticipated OCIO rates and costs.

**Project Delivery**

**Highway & Bridge Construction** – The recommendation includes the agency requested cash fund appropriation of $73.5 million in FY 2021-22 and FY 2022-23. This increase in appropriation is to provide adequate funding for estimated costs of asset preservation and capital improvement for construction projects scheduled in FY 2021-22 and FY 2022-23.

**Safety**

**Motorist Assistance** – The recommendation includes the agency requested cash fund appropriation of $500,000 in FY 2021-22 and FY 2022-23. This appropriation is provided for the coordination of the Nebraska Motorist Assistance Program.
**SALARY AND HEALTH BENEFITS**

*State Officials and Employees Salaries*

The Governor’s budget recommendations were completed before agreements were reached and ratified with state employees represented by the National Association of Public Employees Local 61 of the American Federation of State, County and Municipal Employees (NAPE/AFSCME), the State Law Enforcement Bargaining Council (SLEBC), the Fraternal Order of Police (FOP) No. 88, and the State Code Agency Teacher’s Association (SCATA).

The recommendations include additional funding equivalent to two percent of salaries for FY 2021-22 and an additional two percent for FY 2022-23 for employees of constitutional offices, non-higher education agencies, boards and commissions whose employees are discretionary, at-will, classified, or represented by FOP or SCATA.

The recommendation also includes funding equivalent to two percent of salaries after step placement for FY 2021-22 and an additional one percent in FY 2022-23 for employees represented by NAPE/AFSCME.

The recommendation also includes funding equivalent to three percent of salaries for FY 2021-22 and an additional four percent in FY 2022-23 for employees represented by SLEBC.

The recommendation also includes additional funding equivalent to three percent of judges’ salaries for judges in the state and county court system for FY 2021-22 and an additional three percent for FY 2022-23.

Current law does not provide a salary increase for constitutional officers during FY 2021-22 and FY 2022-23. No additional funding has been included in the recommendation for constitutional officers. The recommendation includes; $14.1 million General Funds, $5.3 million cash funds, $3.6 million federal funds, and $1 million revolving funds for FY 2021-22; and $26.1 million General Funds, $8.9 million cash funds, $6 million federal funds, and $1.7 million revolving funds for FY 2022-23, or $24 million and $42.7 million total funds each fiscal year, respectively, to finance the recommendations noted for non-higher education employees. The Governor’s overall budget recommendations provide adequate margin and flexibility to resolve the funding requirements of state labor contracts when they are finalized for the 2021–2023 Biennium.

*State Employees Health Benefits*

The recommendation includes additional funding equivalent to four percent for FY 2021-22 and an additional four percent for FY 2022-23 for non-higher education state agencies, boards, and commissions for the employer share of estimated increases in state employee health benefit costs. The recommendation includes; $3.9 million General Funds, $1.9 million cash funds, $1.2 million federal funds, $307,000 revolving funds for FY 2021-22; and $8 million General Funds, $3.8 million cash funds, $2.5 million federal funds, and $608,000 revolving funds for FY 2022-23, or $7.3 million and $15 million total funds each year, respectively, to finance state employee health benefits.

*University of Nebraska and State College System Employees*

The Governor’s budget recommendation for the University of Nebraska and State College system funds the salary and health benefit increases requested by these systems. The Governor’s budget recommendations for these systems are shown elsewhere in this publication.
Capital Construction
Reaffirmation projects are on-going undertakings that have received appropriations in prior periods. Reaffirmations are made to address legislative intent language, to pay down debt service, or continue long-term projects intended to be completed in future years. Total funding recommendations include $82,608,858 in FY 2021-22 and $64,717,858 in FY 2022-23. Included in these total amounts are $31,803,928 General Funds, $32,573,930 Cash Funds, $500,000 federal funds, $2,340,000 Revolving Funds, and $15,391,000 Nebraska Capital Construction Funds (NCCF) for FY 2021-22; and $29,803,928 General Funds, $32,573,930 Cash Funds, $ - 0 – federal funds, $2,340,000 Revolving Funds, and $ - 0 - Nebraska Capital Construction Funds (NCCF) for FY 2022-23. In addition, a total of $387,288,302 is scheduled to be reaffirmed from General, Cash, and Revolving Funds in future biennia.

**NEBRASKA MILITARY DEPARTMENT (31)**

**1776 Readiness Center Remodel Reaffirmation** – This project calls for the design, planning and construction related to remodeling the facility and consolidating/replacing the HVAC systems at the 1776 Readiness Center in Lincoln, Nebraska. The total project cost is $2.2 million, split evenly between federal and state funding.

The Legislature previously provided funding of $100,000 Nebraska Capital Construction Funds (NCCF), with $100,000 federal funds in FY 2019-20 and $500,000 NCCF and $500,000 federal funds in FY 2020-21. The agency request is for the reaffirmation of the remaining $500,000 NCCF and $500,000 federal funds in FY 2021-22 to complete the project. The recommendation provides for the remaining NCCF and federal funding for this project.

**CORRECTIONAL SERVICES, DEPARTMENT OF (46)**

**RTC High Security Housing Expansion Reaffirmation** – The Nebraska Department of Correctional Services (NDCS) previously submitted a capital construction budget request for the 2019-2021 Biennium, totaling $48,960,000 which included the plan, design, construction and development of two new high security housing units with design capacity up to 384 new beds, as well as counseling and educational space and adjoining outdoor recreation areas at the Reception and Treatment Center (combined on the Lincoln Corrections Center campus).

Nebraska Capital Construction Fund (NCCF) appropriations were provided by the Legislature for the 2019–2021 Biennium totaling $34,069,000, with an additional $14,891,000 identified for “Future Years.” The recommendation provides for the agency’s reaffirmation request of $14,891,000 NCCF appropriation in FY 2021-22 to complete the project.

**STATE COLLEGE SYSTEM (50)**

The recommendation maintains funding for several current capital projects previously approved by the Legislature. This includes $1,125,000 General Funds and $1,440,000 revolving funds in FY 2021-22 and $1,125,000 General Funds and $1,440,000 revolving funds in FY 2022-23 for facilities programs. The recommendation also includes $2,216,000 General Funds in FY 2021-22 and FY 2022-23 for renovation of the Math and Science building at Chardon State College.

The recommendation includes the agency requested $300,000 cash funds for FY 2021-22 and FY 2022-23 for sports facilities projects.
The recommendation maintains funding for several current capital projects previously approved. This includes $1,477,000 General Funds in FY 2021-22 and $971,024 in FY 2022-23 for the College of Nursing Building in Lincoln; $820,000 General Funds in FY 2021-22 and FY 2022-23 for the Curtis Education Center; and $11 million General Funds in FY 2021-22 and FY 2022-23 for the University of Nebraska facilities programs.

The recommendation includes funding for intent language added to LB 297 (2019 Session Laws) for the University of Nebraska Facilities Renewal program. The recommendation includes $2,165,928 General Funds in FY 2021-22 and $2,671,904 in FY 2022-23. This new funding for building renewal projects of University of Nebraska buildings is intended to provide $123,859,395 in total General Fund support over the next 30 years and is in addition to the funding already provided under other facilities programs. When fully implemented in FY 2025-26, the state support for University of Nebraska building renewal projects will provide annually over $15 million of General Fund support, matched by $11 million of University funds.

The recommendation includes the agency requested reaffirmation of General Funds of $13 million in FY 2021-22 and $11 million in FY 2022-23 for the Capitol HVAC replacement project. The recommendation does not include the requested $88,828 in FY 2021-22 and $90,960 in FY 2022-23, which are already included in the Office of the Capitol Commission appropriation for the Capitol HVAC project manager.

NEW CAPITAL CONSTRUCTION PROJECTS

New capital requests are undertakings that will be initiated in the 2021–2023 Biennium. Total funding recommendations include $80,284,248 in FY 2021-22 and $90,417,682 in FY 2022-23. Included in these amounts are $1,601,248 General Funds, $19,550,000 Cash Funds, $2,612,000 federal funds, $900,000 Revolving Fund, and $55,621,000 NCCF in FY 2021-22; and $1,757,682 General Funds, $19,550,000 Cash Funds, and $69,110,000 NCCF in FY 2022-23. In addition, a total of $117,101,905 is scheduled to be reaffirmed from General Funds and NCCF in future biennia.

TRANSPORTATION, DEPARTMENT OF (27)

The recommendation includes cash fund appropriation in the amount of $10 million in FY 2021-22 and FY 2022-23. The projects are for facility improvements for various facilities statewide listed below:

Specific facility projects include:
- Bloomfield Maintenance Facility
- Seward Maintenance Facility
- Crofton Maintenance Facility
- Columbus Maintenance Facility
- Arthur Maintenance Facility
- Statewide Projects
- 70101 District Office

Nebraska Military Department (31)

Construction Projects with Federal / State Match Requirements – The Nebraska Military Department uses a specific program to manage projects related to military master capital project agreements with the National Guard Bureau, which are funded by a state/federal matching formula. The agency has identified two key projects for the 2021–2023 Biennium, which include the Renovation and
remodeling of a York Vehicle Storage facility, in order to convert the space into National Guard Readiness Center space; as well as to expand the Columbus Readiness Center facility to add storage space and to pave the parking lot. The Agency request includes $488,000 General Funds and $488,000 federal funds in FY 2021-22 for the York facility project and $806,000 General Funds and $806,000 federal funds for the Columbus facility project. The recommendation provides for Nebraska Capital Construction Funds (NCCF) rather than General Funds for the State match of $488,000, and federal funds of $488,000 for the York project, but, based on revised information from the Agency, provides for a 25 percent State / 75 percent Federal share split on the Columbus project, which would make the appropriation for that project $403,000 NCCF and $1,209,000 federal funds.

**Backup Generators for State Readiness Centers** – The Military Department requested $915,000 General Fund match appropriations along with $915,000 federal fund appropriations in FY 2021-22 to provide emergency backup generators for the readiness centers in Broken Bow, Chadron, Grand Island, the Lincoln complex, Norfolk, North Platte, South Omaha, Scottsbluff, Sidney, Wayne, and York. The recommendation provides for the funding for these generators but replaces the $915,000 General Funds with Nebraska Capital Construction Funds (NCCF) for the State share.

**GAME AND PARKS COMMISSION (33)**

The recommendation includes cash fund appropriation in the amount of $9,550,000 in FY 2021-22 and FY 2022-23. The projects encompass state park facility improvements, state park deferred maintenance, improvements to state parks, state historical parks, state recreation areas, and wildlife management areas, administrative facilities, fish production facilities, emergency repairs, and aquatic habitat facilities.

**Specific state park projects include:**
- Fort Robinson – replace the windows, doors, roof and siding for the Maintenance Shop
- Platte River – replace the windows, doors, and siding at the Park Office Administration Building
- Chadron State Park – replace the roof at the Central Building
- Indian Cave – replace the siding and roof on the old historic barn
- Statewide – Motorboat Access Development which will provide for the development and construction of new or improvements to existing motorboat access facilities, including boat ramps and docks, access roads, parking areas

**Specific state recreation area projects include:**
- Lake McConaughy / Lake Ogallala SRA – new parking lots, creation of day-use areas, boat ramp improvements, and campground developments and improvements
- Lewis & Clark – replace the windows for the Marina and Office buildings
- Lake Minatare – replace the roof on the Lighthouse

**Specific major state historical park area projects are:**
- Ash Hollow – replace the siding for the Cave Interpretive Shelter
- Rock Creek Station – replace the windows and doors at the Burlington North Visitor’s Center
- Fort Kearny – replace the roof and flashing on the Blacksmith Shop Building

**CORRECTIONAL SERVICES, DEPARTMENT OF (46)**

**Security System Upgrades** – This series of projects includes upgrading security system components at various Department of Correctional Services facilities statewide, including, but not limited to: Security Systems Upgrades at various facilities to include, but not limited to, replacement of Door Controls, Perimeter Detection Systems, upgrade of existing video equipment, and upgrade and replacement of security camera systems. The Agency request includes $1,250,000 General Funds in FY 2021-22 and FY 2022-23 to fund these projects. The recommendation supports funding the project but replaces the General Fund appropriations with Nebraska Capital Construction Funds (NCCF).
**Infrastructure and Maintenance Projects** – This program continues various high priority infrastructure and maintenance projects related to facility roofing, electrical, boiler/chiller/HVAC, fire life safety, and other needs, which projects the Task Force for Building Renewal is unable to fully address. The Agency request includes $2 million General Funds in FY 2021-22 and FY 2022-23. The recommendation supports the request but replaces the General Fund appropriations with Nebraska Capital Construction Funds (NCCF).

**New Multi-Custody Level Correctional Facility** – The Department of Correctional Services (NDCS) submitted a request to procure property, and to design, construct and develop a new multi-custody level correctional facility with capacity to house approximately 1,512 inmates (400 maximum security beds, 512 medium security beds, and 600 minimum security beds). Total cost of the project is estimated to be $230 million. The recommendation provides for $50 million NCCF in FY 2021-22, $65 million in FY 2022-23, with future year costs (FY 2023-24 through FY 2025-26) of $115 million.

**NEBRASKA EDUCATIONAL TELECOMMUNICATIONS COMMISSION (47)**

The agency’s capital request for FY 2021-22 is to replace FM radio antennas for KRNE Merriman and KMNE Bassett for a total of $385,000 and for a tower lighting project at KRNE Merriman for a total of $180,000. The agency’s capital request for FY 2022-23 is to replace FM radio antenna for KXNE Norfolk for a total of $120,000, for a tower lighting project at K33AC Pawnee City for a total of $120,000, and for a facility routing project at the Terry Carpenter Communication Center in Lincoln for a total of $500,000.

The recommendation includes $565,000 in FY 2021-22 Nebraska Capital Construction Fund and $860,000 Nebraska Capital Construction Fund in FY 2022-23 to fund the agency capital requests.

**STATE COLLEGE SYSTEM (50)**

The recommendation also includes the agency requested $1,601,248 General Funds for FY 2021-22 and $1,757,682 General Funds for FY 2022-23 to update the utilities at Peru State College to use geothermal technology. The recommendation does not include any other new capital construction projects requested by the agency.

**ADMINISTRATIVE SERVICES, DEPARTMENT OF (65)**

The recommendation includes $900,000 revolving fund appropriation in FY 2021-22 for replacement of the Eastern Nebraska Veterans’ Home roof pending litigation.