









## Appropriations Committee Budget Adjustments



With committee hearings over, the Appropriations Committee has advanced their [budget adjustment proposal](#) as amendments to three bills that Speaker of the Legislature, Senator Mike Hilgers, introduced at the request of the Governor to effect his proposed mid-biennium budget adjustments. These include [LB1011](#) – budget adjustment bill, [LB1012](#) – funds transfer bill, and [LB1013](#) – cash reserve transfer bill.

Informing the committee’s proposal are the current financial and cash reserve status.


- Fiscal Year 2021-2022
  - Nebraska is up \$370 million in revenue collection estimates and is now expecting \$5.72 billion in total individual, corporate, sales and use and miscellaneous taxes.
  - This will result in a net \$775 million increase in available funds for this biennium. The Appropriations Committee’s proposed budget adjustment utilizes \$349.3 million of this net amount, leaving \$453.6 million above the 3% minimum reserve.
  - This amount, the \$453.6 million, is what is available for “A” bills or revenue reduction bills. Essentially, what is available for the floor of the Legislature to put toward enactment of legislation with a revenue impact.
- Fiscal Year 2022-2023
  - An additional \$405 million, for a total of \$5.96 billion in revenue collections, is now estimated for FY22-23.
  - The projected financial status for the following biennium shows a balance \$490 million above the minimum reserve. At that number, it would support additional budget actions averaging \$163 million per year.
- Beyond that in the “outyears,” things get a little harder to decipher.
  - Preliminary budget estimates were set at 0.7% revenue growth. The Governor’s budget recommendations estimated 3.5%, national forecast services range from 0.8% to 3.6%, and the 40-year historic average is 5.1%.
  - However, for purposes of the Appropriations Committee budget their estimate for “outyear” revenue growth is -2.4%. That estimate is obtained by using a “capped” historical average methodology to “smooth” out the revenue and estimate to ensure hitting that 5.1% historic 40-year average.
  - Because revenue growth in 2020-21 was 13.5% and 2021-22 was 10.6%, certainly somewhat impacted by federal funding assistance, to obtain that 5.1% historic 40-year average, the Legislative Fiscal Office projects that the “outyears” of 2023-24 and 2024-25 will be -2.4%.
- Cash Reserve Funds
  - Approximately \$1.035 billion has been or will be credited to the Cash Reserve Fund as the result of increased revenue collections and forecasts, bringing the unobligated balance in the fund to \$1.842 billion.
  - The Appropriations Committee proposed budget utilizes \$513 million, leaving an unobligated balance of \$1.329 billion.

**Proposed Cash Reserve Transfers**

| Proposal   | Details  | Amount   |
|--|--|--|
| Nebraska Penitentiary Replacement  | The additional funds needed to procure property, design, construct and develop a multi-custody correctional facility.  | <ul style="list-style-type: none"> <li>• \$175 million transferred to Nebraska Capital Construction Fund, but not the appropriation authority to expend those funds.</li> <li>• Note: Total cost of the project is expected to be \$270 million. \$66 million remains sequestered in the Nebraska Capital Construction Fund for this purpose.</li> </ul> |
| Prison Overcrowding Contingency Cash Fund  | Grants for reentry and restorative justice programming (LB1111) and apprenticeship programs (LB1197)   | <ul style="list-style-type: none"> <li>• Reallocates \$15 million in existing funding.</li> </ul>  |
| Perkins County Canal (LB1015)  | Constructing a canal and associated storage facilities to divert water from the South Platte River to preserve Nebraska’s water rights under a legal compact with Colorado.  | <ul style="list-style-type: none"> <li>• \$53.5 million</li> <li>• Note: Governor Ricketts had proposed a \$400 million cash reserve transfer and \$100 million from ARPA for this project.</li> </ul>   |
| US SPACECOM/Offutt Air Force Base (LB1233)  | \$50 million was previously committed to the cash reserve as part of an economic development proposal to attract US SPACECOM to Nebraska. Remaining funds would support profile promotion and various base enhancement projects. | <ul style="list-style-type: none"> <li>• (\$20 million) Leaving \$30 million available</li> <li>• Note: Governor Ricketts proposed to reduce this amount by \$45 million and repurposed \$5 million from cash reserve and \$5 million from general fund to support the proposal.</li> </ul>  |
| US Strategic Command (LB1232)             | To build a U.S. Strategic Command Nuclear Command, Control and Communications public-private partnership facility.   | <ul style="list-style-type: none"> <li>• \$20 million</li> </ul>   |
| Trail Development (LB813)  | Trail development by Nebraska Game and Parks along the designated national rail-trail route.   | <ul style="list-style-type: none"> <li>• \$8.3 million</li> </ul>  |
| Rural Projects Act (LB1033/LB788)         | Funds to build new rail-access business parks that benefit manufacturing, processing, distribution or transloading businesses.   | <ul style="list-style-type: none"> <li>• \$50 million</li> </ul>   |
| Rural Workforce Housing (LB1071)          | Grant program to address housing and workforce shortages in rural areas of Nebraska.   | <ul style="list-style-type: none"> <li>• \$30 million</li> </ul>   |
| Middle Income Workforce Housing (LB1252)  | Grant program to address housing and workforce shortages in urban communities in Nebraska.   | <ul style="list-style-type: none"> <li>• \$20 million</li> </ul>   |
| Internships (LB1167)                      | Funds to enhance and build out Nebraska’s InternNE program.  | <ul style="list-style-type: none"> <li>• \$20 million</li> </ul>   |

|  |   |  |
|--|---|--|
| <p>STARWARS (LB1023)</p>                          | Utilize Nebraska water resources to create and upgrade recreational areas throughout the state.   | <ul style="list-style-type: none"> <li>• \$80 million</li> <li>• Note: The Appropriations Committee also recommended a \$120 million general fund appropriation for this proposal. Governor Ricketts had proposed \$150 million from general funds and \$50 million from ARPA for this project.</li> </ul> |
| Surface Water Irrigation (LB1074)  | Grants to Irrigation Districts for repair or construction of irrigation infrastructure.   | <ul style="list-style-type: none"> <li>• \$50 million</li> </ul>   |
| <p>Agricultural Innovation Facility (LB1011)</p>  | Creation of the Agricultural Research Service National Center for Regenerative and Resilient Precision Agriculture on the Nebraska Innovation Campus. | <ul style="list-style-type: none"> <li>• \$25 million</li> </ul>   |
| Youth Rehabilitation and Treatment Center – Kearney (LB792)  | New construction, renovation, and equipment replacement.  | <ul style="list-style-type: none"> <li>• \$15.58 million</li> </ul>  |

**General Fund and Cash Fund Budget Adjustments and Funds Transfers Out**

| <b>Proposal</b>  | <b>Details</b>  | <b>Amount</b>   |
|--|---|---|
| <p>STARWARS</p>  | Utilize Nebraska water resources to create and upgrade recreational areas throughout the state.   | <ul style="list-style-type: none"> <li>• \$120 million</li> <li>• Note: An additional \$80 million from ARPA funds is also recommended for this proposal</li> </ul>   |
| Salary costs and 24/7 Public Health and Safety Positions   | Labor agreement wage increases.   | <ul style="list-style-type: none"> <li>• \$62.9 million</li> </ul>  |
| Provider Rates   | 15% increases for Medicaid (Nursing/Behavioral Health), Behavioral Health Region, Developmental Disability, Juvenile Justice (Behavioral Health/Providers), Community Corrections (Behavioral Health) | <ul style="list-style-type: none"> <li>• \$54 million</li> </ul>  |
| Medicaid   | Medicaid Expansion, Medicare Part D Clawback and Medicaid Public Health Unwind  | <ul style="list-style-type: none"> <li>• \$55 million of carryover general funds from FY 2020-2021 due to the enhanced Federal Medical Assistance Percentage</li> <li>• \$21.6 million in funds expected to be returned by the Managed Care Organization</li> </ul> |
| Community College State Dependents Fund  | Pilot program for tuition reimbursement at community colleges for children of state employee  | <ul style="list-style-type: none"> <li>• \$500,000 in FY21-22</li> <li>• \$1 million in FY22-23</li> </ul>  |
| Peru Levee   | Assist Peru Levee which was damaged in the historic flooding of 2019  | <ul style="list-style-type: none"> <li>• \$5 million in FY22-23</li> </ul>  |
| Capital Construction Projects  | 8 projects including Capital HVAC, State Patrol Crime Lab, etc.   | <ul style="list-style-type: none"> <li>• \$23.8 million</li> </ul>  |
| Perinatal Quality Improvement Collaborative (LB782)  | Funding increase to support delivery of and access to evidence-based health care for Nebraska mothers and babies.   | <ul style="list-style-type: none"> <li>• \$130,000 Health Care Cash Fund</li> </ul>   |
| University of Nebraska Pancreatic Research (LB766)   | Establishment of a pancreatic cancer research center.   | <ul style="list-style-type: none"> <li>• \$15 million Health Care Cash Fund</li> </ul>  |