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November 20, 2024

Mr. Brandon Metzler
Clerk of the Nebraska Legislature
Room 2018, State Capitol
Lincoln, NE 68509-4604

Dear Mr. Metzler,

As required by Neb. Rev. Stat. sec. 77-2715.01 (2), I am submitting to you at the direction of the Tax Rate Review Committee, this letter and its attachments as the annual report of the Committee for 2024. The attachments include reports presented to and reviewed by the Committee on July 18, 2024, and November 20, 2024. At each meeting the Committee determined there was no need to call the Legislature into special session to adjust tax rates. The attachments also include the 2024 Revenue Volatility Report, as required by Neb. Rev. Stat. sec. 50-419.02.

Lastly, as required by Neb. Rev. Stat. sec. 77-2715.01(2), this report incorporates by reference the most recent tax expenditure report prepared by the Department of Revenue, as set forth by Neb. Rev. Stat. sec. 77-382. This report is accessible at: https://revenue.nebraska.gov/sites/default/files/doc/research/tax-expenditure/2024_Tax_Expenditure_Report.pdf. If you have any questions, please contact me.

Respectfully submitted on behalf of the Committee.

A handwritten signature in black ink, appearing to read 'Keisha Patent'.

Keisha Patent
Legislative Fiscal Analyst

Tax Rate Review Committee

November 20, 2024

**Required November Meeting
Pursuant to Section 77-2715.01**

**Speaker of the Legislature
Executive Board Chair
Appropriations Committee Chair
Revenue Committee Chair
Tax Commissioner**

**Senator John Arch
Senator Ray Aguilar
Senator Robert Clements
Senator Lou Ann Linehan
James R. Kamm**

Prepared by the Legislative Fiscal Office

Summary

This report includes a current projected General Fund Financial Status for the FY2025-26 and FY2026-27 Biennial Budget. This biennium had been shown as the “out years” in previous financial status. For planning purposes, this report also incorporates an estimated financial status for the “out years,” FY2027-28 and FY2028-29 biennium. Assumptions for construction of the status for the upcoming biennium and estimates for the following biennium are discussed individually later in this report.

These estimates are based on (1) current law, (2) October Forecast Board projections for FY2024-25, FY2025-26, and FY2026-27, (3) revenue projections for the following biennium, and (4) an assessment of General Fund appropriations under current law using both agency requests and historical trends.

Projected Shortfall

The projected financial status shows an ending balance \$432.6 million ***below*** the minimum reserve for the upcoming FY2025-26/FY2026-27 biennial budget. This is about \$489.6 million lower than what was shown on the financial status for the FY2025-26/FY2026-27 biennium on the Sine Die 2024 Special Session status. The change is mostly due to the following:

- Changes in the General Fund revenue forecast (\$291.6 million);
- FY2024-25 deficits exceeding the allocation for potential deficits (\$73.7 million); and
- Agency requests and/or estimates under current law for FY2025-26 and FY2026-27 differing from prior estimates of appropriations growth (\$126.8 million).

Revenue Growth

Revenue for FY2024-25, FY2025-26, and FY2026-27 are the October 2024 forecasts from the Nebraska Economic Forecast Advisory Board (NEFAB). Revenue growth (adjusted for rate and base changes) implied by these current forecasts is 3.7% in FY2024-25, 3.8% in FY2025-26, and 4.9% in FY2026-27, for a two-year average for the upcoming biennium of 4.4%.

Preliminary estimates for FY2027-28 and FY2028-29 are based on the historical average methodology. Rate and base adjusted growth in FY2027-28 is 6.1% and in FY2028-29 is 6.1% for a two-year average of 6.1%. Five-year average growth for the status period is 4.9%.

Spending Growth

For purposes of this report, projected spending growth is not derived based on what results in a balanced budget but is our best estimate of the costs of maintaining existing programs and services. These estimates reflect a basic continuation budget, including only those increases related either to entitlement programs, legislative intent, or costs to implement previously enacted legislative actions and reflect existing statute and policies. This then provides a benchmark from which policy makers can examine the changes to statute and policy choices that are necessary to then actually balance the budget.

In many cases, the projected increases for the upcoming biennial budget (FY2025-26 and FY2026-27) reflect agency requests for the items shown while estimated increases for the following biennium (FY2027-28 and FY2028-29) are based on historical trends. No new or expanded programs in the agency requests are included. Note that in some instances *rationales for the FY26 and FY27 requests are incomplete as these requests are currently under analysis.*

Overall, the projected budget results in a budget growth of 3.6% increase in FY2025-26 and 1.3% increase in FY2026-27, a 2.4% two-year average.

Cash Reserve Fund

In this financial status, the unobligated ending balance in the Cash Reserve Fund (CRF) is projected at \$817.2 million for FY2025-26 and \$567.2 million for FY2026-27. The revised October 2024 forecast decreased the FY2024-25 forecast by \$141 million and the FY2024-25 is recertified at that amount. As a result, no automatic transfer is estimated for FY2025-26. Actual amounts will not be known until the current fiscal year is completed.

Projected FY2024-25 Deficits

The estimate included on the General Fund financial status is based on agency requests and changes in special education aid. Total General Fund agency deficit requests, excluding the special education aid issue, are \$44.8 million. Nearly all of these costs related to aid costs in Medicaid and Children’s Health Insurance Program and an increase in nursing costs at the Lincoln Regional Center. Due to the nature of these requests, the total requested amount for those items is included for purposes of this report. The additional amount required pursuant to the Department of Education’s November estimate for special education reimbursement is \$67.95 million for FY2024-25. For purposes of this report, 50% of this total is included as a General Fund deficit amount because the appropriation for FY2023-24 of General Funds and Education Future funds was a comparable funding mix of 51% and 49%, respectively.

FY24-25 Deficit Requests

CHIP	20,300,000
Public Assistance	(15,000,000)
Medicaid	18,289,815
Child Welfare	15,000,000
Lincoln Regional Center nursing	6,000,000
Special Session Costs (per diems)	46,274
NDE Retirement Payouts	42,193
TEEOSA	(73,006)
Parole Board Personnel	150,000
Special Education (50% of est. increase)	33,975,376
Total	78,730,652

General Fund Financial Status

The current projected General Fund Financial Status is shown below, including, for planning purposes, an estimated financial status for the following biennium. Assumptions for construction of the status and estimates for the following biennium are discussed individually later in this report.

General Fund Financial Status November Tax Rate Review

	Current Year FY2024-25	Upcoming Biennium FY2025-26 FY2026-27		Est for Following Biennium FY2027-28 FY2028-29	
1 BEGINNING BALANCE					
2 Beginning Cash Balance	1,843,296,751	595,872,773	204,239,425	(106,874,807)	(552,319,855)
3 Cash Reserve transfers-automatic	(38,746,104)	0	0	0	0
4 Carryover obligations from FY24	(361,842,528)	0	0	0	0
5 Allocation for potential deficits	0	0	(5,000,000)	0	(5,000,000)
6 Unobligated Beginning Balance	<u>1,442,708,119</u>	<u>595,872,773</u>	<u>199,239,425</u>	<u>(106,874,807)</u>	<u>(557,319,855)</u>
7 REVENUES & TRANSFERS					
8 Net Receipts	6,335,000,000	6,950,000,000	6,965,000,000	7,258,740,000	7,673,308,000
9 General Fund transfers-out (current law)	(1,693,376,713)	(1,734,998,849)	(1,791,298,291)	(1,867,262,706)	(1,928,925,341)
10 General Fund transfers-in (current law)	in forecast	in forecast	in forecast	in estimate	in estimate
11 Cash Reserve transfers (current law)	4,000,000	0	200,000,000	0	0
14 General Fund Net Revenues	<u>4,645,623,287</u>	<u>5,215,001,151</u>	<u>5,373,701,709</u>	<u>5,391,477,294</u>	<u>5,744,382,659</u>
15 APPROPRIATIONS					
16 Expenditures / Appropriations	5,413,727,981	5,413,727,981	5,413,727,981	5,413,727,981	5,413,727,981
17 Mainline Budget (2025 session)	78,730,652	192,906,519	266,087,959	266,087,959	266,087,959
18 Projected budget increase, following biennium	0	0	0	157,106,402	314,646,470
20 General Fund Appropriations	<u>5,492,458,633</u>	<u>5,606,634,500</u>	<u>5,679,815,940</u>	<u>5,836,922,343</u>	<u>5,994,462,410</u>
21 ENDING BALANCE					
22 \$ Ending balance (per Financial Status)	595,872,773	204,239,425	(106,874,807)	(552,319,855)	(807,399,607)
23 \$ Ending balance (at Min. Reserve 3.0%)	342,668,477		325,764,339		321,232,577
24 Excess (shortfall) from Minimum Reserve	253,204,297		(432,639,146)		(1,128,632,184)
25 Biennial Reserve (%)	5.3%		-0.9%		-6.8%
General Fund Appropriations					
26 Annual % Change - Appropriations (w/o deficits)	1.2%	3.6%	1.3%	2.8%	2.7%
27 Two Year Average	2.8%	--	2.4%	--	2.7%
General Fund Revenues					
28 Est. Revenue Growth (rate/base adjusted)	3.7%	3.8%	4.9%	6.1%	6.1%
29 Two Year Average	4.2%	--	4.4%	--	6.1%
30 Five Year Average	8.6%	--	3.8%	--	4.9%
31 Unadjusted % change over prior year	-11.5%	9.7%	0.2%	4.2%	5.7%
32 <u>On-Going Revenues vs Appropriations</u>	(772,269,877)	(391,798,531)	(506,279,414)	(445,610,231)	(250,244,934)

Changes to the Financial Status

(millions of dollars)	FY24/25 Biennium	FY26/27 Biennium	FY28/29 Biennium
Variance from Minimum Reserve: Sine Die 2024 Special Session	462.9	56.9	N/A
1. Revenue Forecasts (Oct 2024)	(141.3)	(291.6)	--
2. Change in minimum reserve	4.1	8.5	--
Variance from Minimum Reserve: NEFAB Forecast	325.7	(226.1)	--
3. Update CCFF transfer from Aug certification	1.2	(8.1)	--
4. Update FY26/FY27 Biennial Budget estimates	0.0	(126.8)	--
5. FY24/25 Deficits vs. Allocation for potential deficits	(73.7)	(73.7)	--
6. Change in minimum reserve	(0.0)	2.4	--
7. Correction in FY25 appropriations total	0.1	(0.1)	--
Variance from Minimum Reserve: November Tax Rate Review	253.2	(432.6)	(1,128.6)

General Fund Revenues

Revenue Forecasts

Actual receipts for FY2022-23 were \$6.368 billion, which exceeded the certified forecast by \$3 million. The excess above the certified forecast is transferred to the Cash Reserve Fund in FY2023-24. FY2022-23 rate and base adjusted revenue growth was 1.7%.

The NEFAB adjusted the forecast at the October 2023 meeting for FY2023-24 from \$6.437 billion to \$6.445 billion and for FY24-25 from \$6.378 billion to \$6.365 billion. A more significant adjustment was made to the forecast in February 2024 by the NEFAB to reflect changes in net receipts estimates due to a tax provision enacted in 2023 (LB 754) that changed the filling elections for pass-through entities and created a credit for members for taxes paid by the entity. As a result, the NEFAB raised the forecast for FY2023-24 from \$6.445 billion to \$7.02 billion and lowered the forecast for FY2024-25 from \$6.365 billion to \$5.84 billion. Adjusted for legislation in the 2024 session, the forecast for FY2023-24 was \$7.166 billion and for FY2024-25 was \$5.889 billion.

FY2023-24 actual receipts were \$7.156 billion, and rate and base adjusted revenue growth was 4.7%. The FY2023-24 actual net receipts exceeded the July 2023 certified forecast for FY2023-24 by \$718,684,680. Under section 77-4602, this amount was certified by the Department of Revenue as the excess amount above the certified forecast. Pursuant to 77-4602(4)(c), the transfer amount was reduced so the balance of the Cash Reserve Fund did not exceed 16% of total General Fund budgeted expenditures for FY2024-25 (new appropriations and reappropriated General Funds). As a result, the automatic transfer to the Cash Reserve Fund is reduced from the excess amount certified to \$38,746,104.

The FY2024-25 forecast was adjusted up to \$6.476 billion following the 2024 Special Session. At the October 2024 meeting, the NEFAB revised the forecast down to \$6.335 billion. The NEFAB also set the first forecast for FY2025-26 and FY2026-27 at \$6.95 billion and \$6.965 billion, respectively. Revenue growth (adjusted for rate and base changes) implied by these current forecasts is 3.7% in FY2024-25, 3.8% in FY2025-26, and 4.9% in FY2026-27, for a two-year average for the upcoming biennium of 4.4%.

Following Biennium (FY28 and FY29)

The NEFAB does not make official forecasts for the following biennium (“out years”). “Out year” estimates have traditionally been derived by the Legislative Fiscal Office (LFO) using a “capped” historical average methodology. This smoothing technique derives “out year” revenue estimates by calculating the level of revenues that would yield a five-year average growth (FY23 to FY27) roughly equal to the 40+ year historical average (5.2%) less 0.25%, which is the projected impact of indexing the tax brackets as enacted in 2014 (LB987). Inherent in this methodology is the concept that within any five-year period, below average revenue growth in some years will be offset by above average growth in others and is visually seen in the line graph of historical adjusted revenue growth. The “capped” provision of this methodology means that the derived growth needed in the out years to achieve the historical average cannot be higher than the “above average” growth years nor lower than the “below average” growth years. Using the methodology has generally allowed for the Legislature to budget to the average over the five-year period.

Over the past 43 years, there were 18 years in which revenue growth was "below average" (1.9% average) and 25 years in which revenue growth was above average (8.3% average). Because the revenue growth in the NEFAB forecasts is below average, using this methodology the revenue growth needed to yield a 4.95% five-year average is 6.1% in both FY2027-28 and FY2028-29.

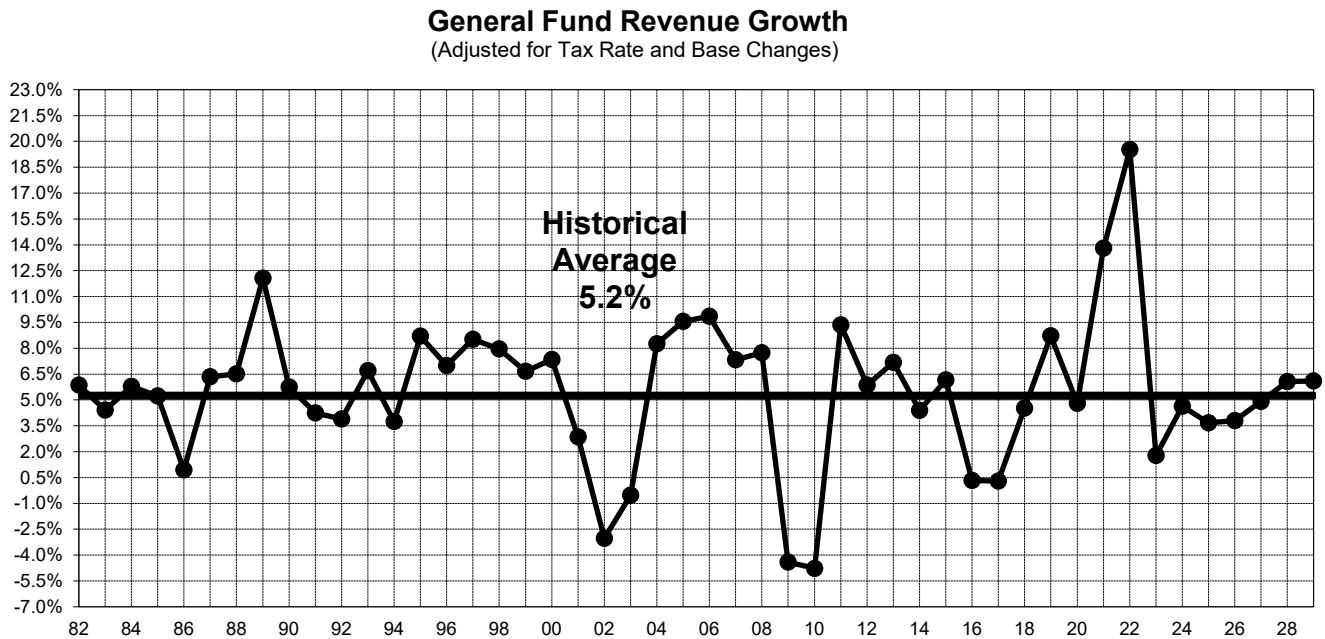
Alternative methods are available for deriving revenue estimates for the following biennium. In addition to LFO’s historical average methodology, both the Nebraska Dept. of Revenue and LFO have calculated revenue estimates for these two “out years” using the same models and input from S&P GLOBAL and Moody’s Analytics, the national forecasting services used as input into the tax forecast models. In the prior biennium, this methodology was utilized, largely due to the unprecedented revenue growth in the prior biennium that was not accounted for in the five-year status period in question. Previously, LFO has been reluctant to use “out year” forecast estimates for projecting revenue for the “out years” because there is some tendency of the forecasts to flatten out and follow current trends into those years without picking up changes in the trend line. This is the case with the current forecast estimates for FY2027-28 and FY2028-29. To more adequately reflect the historical trends of revenue growth, the historical average methodology is utilized.

Revenue estimates are shown in Table 1. LFO Prelim estimates for FY2027-28 and FY2028-29 have a rate and base adjusted growth of 6.1% per year with a two-year average of 6.1%. Five-year average growth for the status period is 4.9% (equivalent to the historical average of 5.2% and accounting for the indexing of tax brackets).

Table 1 - General Fund Revenue

	NEFAB FY2024-25	NEFAB FY2025-26	NEFAB FY2026-27	LFO Prelim FY2027-28	LFO Prelim FY2028-29
Actual/Forecast					
Sales and Use Tax	2,500,000,000	2,600,000,000	2,700,000,000	2,921,706,000	3,152,299,000
Individual Income Tax	2,500,000,000	3,150,000,000	3,140,000,000	3,181,620,000	3,268,473,000
Corporate Income Tax	960,000,000	870,000,000	825,000,000	843,190,000	911,594,000
Miscellaneous receipts	375,000,000	330,000,000	300,000,000	312,224,000	340,942,000
Total General Fund Revenues	6,335,000,000	6,950,000,000	6,965,000,000	7,258,740,000	7,673,308,000
Adjusted Growth					
Sales and Use Tax	0.4%	3.9%	4.2%	7.9%	7.6%
Individual Income Tax	9.0%	8.0%	6.6%	5.1%	3.7%
Corporate Income Tax	-2.2%	-9.3%	1.5%	6.7%	10.3%
Miscellaneous receipts	-11.4%	-9.5%	-3.3%	-0.2%	16.9%
Total General Fund Revenues	3.7%	3.8%	4.9%	6.1%	6.1%
Two Yr Average	4.2%	--	4.4%	--	6.1%
Five Yr Average	8.6%	--	3.8%	--	4.9%

Table 2 – General Fund Revenue Growth (Rate and Base Adjusted) Since 1981



For comparison, the LFO Historical Methodology, the average of the LFO and NDR forecasts, and the “out-year” revenue estimates shown in Table 3. The LFO historical methodology results in a balance above the minimum reserve on the General Fund financial status of \$559.2 million higher than the average of the forecasts, as the five-year average adjusted growth rate goes from around 4.0% with the average of the forecasts to 4.9% in the LFO historical methodology.

Table 3 – Comparison of FY2027-28 and FY2028-29 Estimates (in thousands)

	Average (All Forecasts)	LFO Historical Methodology
FY27-28 Prelim	7,103,740	7,258,740
FY28-29 Prelim	7,252,308	7,673,308
Growth Rate (Rate and Base Adj)		
FY25-26 Prelim	4.2%	6.1%
FY26-27 Prelim	3.2%	6.1%
Two Year Ave	3.7%	6.1%
Five Year Ave	4.0%	4.9%
\$ Difference from Status		
FY27-28 Prelim	(155,000)	0
FY28-29 Prelim	(421,000)	0
Change in minimum reserve (biennium)	16,777	0
Total	(559,223)	0

The annual growth rate (rate and base adjusted) since 1981, including the projected revenue shown in the current status, is shown in the following table.

Table 4 - Actual and Projected General Fund Revenues

	Sales/ Use	Individual Income	Corporate Income	Misc. Receipts	Total GF Receipts	Total GF Receipts
<u>ADJUSTED GROWTH</u>						
FY2000-01 Actual	905.0	1,233.4	138.1	180.4	2,456.9	2.9%
FY2001-02 Actual	918.9	1,159.8	107.6	179.2	2,365.5	-3.0%
FY2002-03 Actual	1,028.9	1,129.4	111.6	186.4	2,456.4	-0.5%
FY2003-04 Actual	1,114.4	1,249.9	167.4	187.0	2,718.7	8.3%
FY2004-05 Actual	1,231.0	1,400.1	198.4	207.7	3,037.2	9.5%
FY2005-06 Actual	1,263.7	1,545.3	262.3	280.9	3,352.2	9.9%
FY2006-07 Actual	1,303.8	1,650.9	213.0	240.6	3,408.3	7.3%
FY2007-08 Actual	1,321.9	1,726.1	232.9	225.3	3,506.2	7.7%
FY2008-09 Actual	1,326.2	1,600.4	198.5	232.4	3,357.5	-4.4%
FY2009-10 Actual	1,289.8	1,514.8	154.3	245.7	3,204.7	-4.8%
FY2010-11 Actual	1,372.8	1,735.2	154.9	236.7	3,499.7	9.3%
FY2011-12 Actual	1,436.9	1,822.9	234.3	201.8	3,695.9	5.9%
FY2012-13 Actual	1,474.9	2,101.9	275.6	199.9	4,052.4	7.2%
FY2013-14 Actual	1,524.8	2,060.8	306.6	225.3	4,117.5	4.4%
FY2014-15 Actual	1,535.4	2,205.5	346.5	217.7	4,305.1	6.2%
FY2015-16 Actual	1,528.0	2,221.1	307.6	251.2	4,308.0	0.3%
FY2016-17 Actual	1,548.4	2,224.8	264.5	228.1	4,265.8	0.3%
FY2017-18 Actual	1,602.7	2,360.6	313.7	290.0	4,566.9	4.5%
FY2018-19 Actual	1,658.1	2,545.7	423.7	268.8	4,896.4	8.7%
FY2019-20 Actual	1,848.2	2,445.7	391.2	254.7	4,939.8	4.8%
FY2020-21 Actual	2,009.7	3,130.6	571.2	247.5	5,959.0	13.8%
FY2021-22 Actual	2,133.2	3,243.2	715.1	257.4	6,348.9	19.5%
FY2022-23 Actual	2,335.9	3,006.0	693.0	333.2	6,368.0	1.8%
FY2023-24 Actual	2,458.8	2,479.1	1,724.9	493.0	7,155.8	4.6%
FY2024-25 NEFAB	2,500.0	2,500.0	960.0	375.0	6,335.0	3.7%
FY2025-26 NEFAB	2,600.0	3,150.0	870.0	330.0	6,950.0	3.8%
FY2026-27 NEFAB	2,700.0	3,140.0	825.0	300.0	6,965.0	4.9%
FY2027-28 LFO Prelim (hist avg)	2,921.7	3,181.6	843.2	312.2	7,258.7	6.1%
FY2028-29 LFO Prelim (hist avg)	3,152.3	3,268.5	911.6	340.9	7,673.3	6.1%
<u>AVERAGE GROWTH:</u>						
Historical Average (43 yrs)	4.5%	6.5%	6.4%	2.1%	5.2%	5.2%
Above Average Years (25)	6.0%	10.1%	14.6%	3.9%	8.3%	8.3%
Below Average Years (18)	2.5%	2.1%	-1.7%	3.0%	1.9%	1.9%
Historical Average (43 yrs)	4.5%	6.5%	6.4%	2.1%	5.2%	5.2%

General Fund Transfers-Out

This area tabulates funds that are transferred from the General Fund to another fund within the state treasury. These items have the same effect as an appropriation in that they reduce available funds, but are not expended as such and thus are shown under the revenue category (see line 9 on the Financial Status).

Table 5 - General Fund Transfers Out

	Current Yr	Biennial Budget		Following Biennium	
	FY2024-25	FY2025-26	FY2026-27	FY2027-28	FY2028-29
Property Tax Credit Fund	(395,000,000)	(427,000,000)	(442,000,000)	(457,000,000)	(472,000,000)
Cultural Preservation Endowment Fund	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Water Sustainability Fund	(2,519,000)	(11,000,000)	(11,000,000)	(11,000,000)	(11,000,000)
Hall of Fame Trust Fund	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Public Advocacy Cash Fund	(1,000,000)	0	0	0	0
Economic Recovery Act	(40,000,000)	0	0	0	0
Education Future Fund	(250,000,000)	(250,000,000)	(250,000,000)	(250,000,000)	(250,000,000)
School Mapping Fund	(525,000)	0	0	0	0
School Property Tax Relief Credit Fund	(750,000,000)	(780,000,000)	(808,000,000)	(838,000,000)	(870,000,000)
Community College Future Fund	(253,322,713)	(265,988,849)	(279,288,291)	(293,252,706)	(307,915,341)
<i>General Fund Transfers-Out</i>	<i>(1,693,376,713)</i>	<i>(1,734,998,849)</i>	<i>(1,791,298,291)</i>	<i>(1,850,262,706)</i>	<i>(1,911,925,341)</i>

Property Tax Credit Cash Fund

Under this program transfers are made to the Property Tax Credit Cash Fund at the discretion of the Legislature. Based on the amount of funds available, monies are then allocated to counties by the ratio of the real property valuation in the county to the real property valuation in the state. Counties then allocate funds as credit to each tax payer again based on their proportionate value. Enacted in 2007, the amount available for credits was \$105 million in FY07-08, and \$115 million in FY08-09 through FY13-14. During the 2014 session, the FY14-15 amount was increased to \$140 million. In the 2015 session, the credit was increased by \$64 million increase to a total of \$204 million.

In the 2016 session, LB 958 made several changes dealing with the Property Tax Credit Act. Previously the property tax credit was distributed based on 100% of the taxable value of real property. Under LB 958, the credit is distributed using “credit allocation valuation” which is 120% of agricultural and horticultural land taxable value and 100% for all other real property except agricultural and horticultural land. LB958 provided language that the credit amount should be increased by \$20 million to a total of \$224 million as a hold harmless for residential and commercial & industrial property.

In the 2019 session, the credit amount was increased in the mainline budget bill to \$275 million per year starting in FY2019-20. In the 2021 session, the amount was increased to \$300 million for FY21-22, and \$313 million for FY22-23. In the 2023 session, the amount was increased to \$363 million for FY23-24 and \$398 million for FY24-25 related to General Fund transfers. LB 243 (2023) also increases the minimum amount of relief under the act for upcoming years, as reflected in the increases in the General Fund transfers out.

The General Fund transfer amounts shown here are all \$3 million less than the credit amount. This is because the credit amount is funded through these General Fund transfers plus any interest that will be earned on the fund balance from the time of transfer to the time of reimbursement payments to the counties and credits calculated but unpaid relating to properties receiving homestead exemptions.

In addition, there is also an appropriation to correspond with the casino gaming tax that is directly credited to the Property Tax Credit Cash Fund. Pursuant to section 9-1204, seventy percent of casino gaming tax collected is credited to the Property Tax Credit Cash Fund. The General Fund transfer amount does not take into account the additional credit appropriation due to casino gaming tax.

Nebraska Cultural Preservation Endowment Fund

The Cultural Preservation Endowment Fund was created in 1998 with a transfer of \$5 million from the General Fund.

LB 1165 (2008) provided for an additional \$5 million for the endowment fund through a \$1 million transfer from the Cash Reserve Fund and another \$4 million from the General Fund provided over a series of years. After multiple alterations of the fiscal year transfers, the final transfers, which averaged \$500,000 were scheduled to expire at the end of FY2016-17. In FY2021-22, the amount of the transfer increased from \$500,000 to \$1 million per year.

Water Sustainability Fund

This fund was created through LB906 passed in the 2014 session. Monies for the fund came from General Fund transfers; \$21,000,000 in FY2014-15. Of this transfer, \$10,000,000 is considered one-time as it was financed by a like transfer from the Cash Reserve Fund to the General Fund. Intent language was included that \$11,000,000 General Funds be transferred to the Water Sustainability Fund in each fiscal year beginning in FY2015-16.

Hall of Fame Trust Fund

An annual transfer of \$10,000 from the General Fund to the Hall of Fame Trust Fund is authorized, but if the balance in the Hall of Fame Trust Fund exceeds \$50,000 at on the last day of the preceding fiscal year, the transfer shall not take place. For purposes of the General Fund financial status, the transfer is shown on an annual basis. The Hall of Fame Trust Fund is administratively supported by the Nebraska State Historical Society and is utilized for the creation, design, size, configuration, and placement of busts or other appropriate objects in the State Capitol or other location approved by the Hall of Fame Commission.

Education Future Fund

LB 818 (2023) created the Education Future Fund and transferred \$1 billion to the Nebraska Department of Education (NDE) from the General Fund in FY2023-24 into the newly created fund and \$250 million each year thereafter.

The Education Future Fund can be utilized for the following:

- To fully fund equalization aid under the Tax Equity & Educational Opportunities Support Act (TEEOSA);
- To fund reimbursements related to special education under section 79-1142;
- To fund foundation aid under TEEOSA;
- To increase funding for school districts in a way that results in direct property tax relief, which means a dollar-for-dollar replacement of property taxes by a state funding source;
- To provide funding for a grant program created by the Legislature to address teacher turnover rates & keep existing teachers in classrooms;
- To provide funding to increase career & technical educational (CTE) classroom opportunities for students. The funding must provide students with the academic & technical skills, knowledge, and training necessary to succeed in future careers;
- To provide funding to provide students the opportunity to have a mentor who will continuously engage with the student directly to aid in the student's professional growth and give ongoing support and encouragement to the student;
- To provide funding for extraordinary increases in special education expenditures to allow school districts with large, unexpected special education expenditures to more easily meet the needs of all students;
- To provide funding to help recruit teachers throughout the state by utilizing apprenticeships through a teacher apprenticeship program and an alternative certification process;
- To provide funding to develop and implement a professional learning system to help provide sustained professional learning and training regarding evidence-based reading instruction and for a grant program relating to dyslexia research; and
- To provide funding for a pilot project administered by the State Department of Education to provide menstrual products to school districts.

Total appropriations in the enacted budget are \$335 million in FY25. Estimated appropriations, including an

estimated increase in FY2024-25 for the special education aid estimate (50% of estimated increase) and an ongoing 7% annual increase in special education aid (corresponding with the estimated increase in General Fund aid) are shown in the table below. See special education discussion on page 17. Also included is the remaining balance in the fund as the initial transfer in from the General Fund is drawn down.

EDUCATION FUTURE FUND DISTRIBUTIONS					
Bill #		FY2023-24 Actual	FY2024-25 Est	FY2025-26 Est	FY2026-27 Est
LB 818	Transfers In	1,000,000,000	250,000,000	250,000,000	250,000,000
LB 1413	Transfers In (from Ed Innovative Grant Fund)	7,500,000	5,000,000		
LB 1284	Transfer Out (To Computer Science & Tech Ed	-	(1,500,000)	(1,500,000)	(500,000)
	Investment Income*	22,613,065	19,651,843	16,835,875	13,288,761
	Total Revenue	1,030,113,065	273,151,843	265,335,875	262,788,761
LB 705	Extraordinary Increases in Special Education	402,283	2,500,000	2,500,000	2,500,000
LB 705	Nebraska Teacher Apprenticeship Program	144,184	1,000,000	1,000,000	1,000,000
LB 705	Nebraska Teacher Recruitment & Retention Act	-	5,000,000	5,000,000	5,000,000
LB 583	Special Education - 80% (est.)	246,087,379	239,982,865	256,781,666	274,756,382
LB 583	24% of Foundation Aid	112,353,248	112,309,502	112,729,367	113,204,174
LB 814	Career & Technical Education Aid	4,961,818	4,959,040	4,959,040	4,959,040
LB 814	Career & Technical Education Ops	-	356,960	356,960	356,960
LB 1284	Aid to ESUs for regional coaches/training	-	1,851,467	1,851,467	1,851,467
LB 1284	Ops for ESUs for regional coaches/training	-	148,533	148,533	148,533
LB 1284	Dyslexia Research Grant	-	500,000	-	-
LB 1284	Menstual Products Pilot Program	-	-	250,000	-
	Total:	363,948,912	368,608,367	385,577,033	403,776,556
	Fund Balance:	666,164,153	570,707,628	450,466,470	309,478,675
	*estimates				

Community College Future Fund

LB 243 (2023) limits the ability of community college areas to levy property taxes for FY 2024-25 and after. The state distributes funds to community college areas to offset the funds lost by community college areas with the elimination of their levy authority under subdivisions (2) (a) and (c) of section 85-1517 with community colleges retaining the levy authority under (b). The funds are distributed to community college areas by the government of the State of Nebraska in the following manner:

- FY 2024-25: The amount of property taxes levied by the community college area for FY 2023-24 pursuant to subdivisions (2) (a) and (c) of section 85-1517 or the amount of property taxes that would have been generated from a levy of \$0.075 per \$100 of taxable valuation, whichever is greater, with the amount then increased by 3.5% or the percentage increase in the reimbursable educational units of the community college area, whichever is greater.
- FY 2025-26 and after: The amount distributed to the community college area in the prior fiscal year, increased by 3.5% or the percentage increase in the reimbursable educational units of the community college area, whichever is greater.

The amounts are calculated by the Coordinating Commission for Postsecondary Education (Commission). The Commission annually certifies the total amount to be distributed, as described above, to all community college areas, to the State Treasurer in August of each year. The State Treasurer transfers the certified amount from the General Fund to the newly created Community College Future Fund in 10 equal payments distributed monthly beginning in September and continuing through June. The Commission makes distributions to the community college areas in ten equal payments distributed monthly beginning in September and continuing through June.

The certified aid amount for FY2024-25 is \$253,322,713, a decrease of about \$1.2 million from what was estimated during the 2024 session. This is an increase of approximately 5% from the fiscal year base because of the impact of the growth in reimbursable education units in multiple community college areas exceeding 3.5%. As such, estimates for the General Fund transfer to the cash fund in FY2025-26 and thereafter are increased by 5% per year due to this impact, rather than the minimum annual increase of 3.5% in statute.

General Fund Transfers In

Cash funds are funds which contain earmarked revenue sources and monies in those funds can only be used for the purposes authorized by statute. In many instances (since the 2009 special session) an authorized use of monies in a cash fund includes transfers to the General Fund at the discretion of the Legislature. For accounting purposes, these are shown as “Transfers in” and are included as General Fund revenues.

LB 3 (2024 Special Session) included statutory language authorizing transfers from the Securities Act Cash Fund, the Insurance Cash Fund, and the Tobacco Products Administration Cash Fund in FY2025-26, FY2026-27, FY2027-28, and FY2028-29, as reflected in the table. These amounts are included in the General Fund revenue forecast, as set by the NEFAB, and in the LFO preliminary estimates of General Fund revenue for the following biennium.

Table 6 - General Fund Transfers-In

	Current Year	Biennial Budget		Following Biennium	
	FY2024-25	FY2025-26	FY2026-27	FY2025-26	FY2026-27
Securities Act Cash Fund	39,500,000	34,000,000	28,000,000	28,000,000	28,000,000
Dept of Insurance Cash Fund	12,000,000	14,000,000	11,000,000	11,000,000	11,000,000
Tobacco Products Admin Cash Fund	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000
State Settlement Cash Fund	5,295,957	0	0	0	0
Charitable Gaming Operations Fund	1,500,000	0	0	0	0
Civic and Community Center Fund	4,000,000	0	0	0	0
Revenue Enforcement Fund	1,000,000	0	0	0	0
Department of Motor Vehicles Cash Fund	526,716	0	0	0	0
Site and Building Development Fund	9,000,000	0	0	0	0
Job Training Cash Fund	2,600,000	0	0	0	0
Employment Security Contingency Fund	2,500,000	0	0	0	0
Behavioral Health Services Cash	2,000,000	0	0	0	0
Health and Human Services Cash Fund	8,250,000	0	0	0	0
<i>Transfers-In already in forecast/estimate</i>	97,172,673	57,000,000	48,000,000	48,000,000	48,000,000

Cash Reserve Fund

The Cash Reserve Fund (CRF) is not included as part of the "General Fund Reserve" (which is the ending General Fund balance for a biennium) and was created as a separate and distinct fund to cover cash flow needs within short period. The CRF also serves as a "rainy day fund" in that revenues in excess of a "certified forecast" are transferred from the General Fund to CRF at the end of a fiscal year, subject to certain statutory requirements. As the certified forecast is basically the revenue estimate at Sine Die when the budget is finalized, these transfers sequester revenues in excess of that which is needed to balance the budget.

Table 7 – Status of the Cash Reserve Fund

	Estimated	Estimated	Estimated	Estimated	Estimated
CASH RESERVE FUND	FY2024-25	FY2025-26	FY2026-27	FY2027-28	FY2028-29
Beginning Balance	912,817,475	877,179,779	817,179,779	567,179,779	517,179,779
Excess of certified forecasts (line 3 in Status)	38,746,104	0	0	0	0
To/from Gen Fund Current Law	(4,000,000)	0	(200,000,000)	0	0
To Nebr Capital Construction Fund (NCCF)	(29,458,800)	0	0	0	0
To Gov Emerg Fund (LB 3 - 2024 Spec Session)	(25,000,000)	(10,000,000)	0	0	0
To University Next project (LB1107-2020)	0	(50,000,000)	(50,000,000)	(50,000,000)	(50,000,000)
To Health and Human Services Cash	(3,500,000)	0	0	0	0
To Public Safety Comm Systems Revolving Fund	(2,425,000)	0	0	0	0
To State Insurance Fund	(5,000,000)	0	0	0	0
To Municipality Infrastructure Aid Fund (LB 600-2024)	(5,000,000)	0	0	0	0
Projected Unobligated Ending Balance	<u>877,179,779</u>	<u>817,179,779</u>	<u>567,179,779</u>	<u>517,179,779</u>	<u>467,179,779</u>
Ending Balance as % of Revenues	13.8%	11.8%	8.1%	7.1%	6.1%
Ending Balance as % of Expenditures	16.0%	14.6%	10.0%	8.9%	7.8%

Excess of Certified Forecasts

Shown on line 3 of the Financial Status, revenues in excess of "certified" forecasts are required by statute to be transferred from the General Fund to the Cash Reserve Fund (CRF). These would take place in July of the fiscal year following completion of that year.

For FY2023-24 pursuant to section 77-4602, in FY23-24, the method for automatic transfers to the Cash Reserve Fund is as follows:

1. At the completion of the fiscal year, the Tax Commissioner will calculate (1) actual General Fund net receipts for the most recently completed fiscal year minus estimated General Fund net receipts for such fiscal year; and (2) Fifty percent of the product of actual General Fund net receipts for the most recently completed fiscal year times the difference between the annual percentage increase in the actual General Fund net receipts for the most recently completed fiscal year and the average annual percentage increase in the actual General Fund net receipts over the twenty previous fiscal years, excluding the year in which the annual percentage change in actual General Fund net receipts is the lowest.
2. If actual GF net receipts minus estimated GF net receipts is a positive number, the Tax Commissioner shall immediately certify the greater of the two numbers. The State Treasurer shall transfer the certified amount from the General Fund to the Cash Reserve Fund upon certification of such amount. The transfer shall be made as follows:

- An amount equal to the amount actual GF net receipts exceed estimated GF net receipts is transferred immediately; and
 - The remainder, if any, shall be transferred by the end of the subsequent fiscal year.
3. If the transfer causes the balance in the Cash Reserve Fund to exceed sixteen percent of the total budgeted General Fund expenditures for the current fiscal year, such transfer shall be reduced so that the balance of the Cash Reserve Fund does not exceed such amount.

The actual net receipts exceeded the July 2023 Certified forecast by \$718.7 million. This amount is reduced so as not to exceed a balance in the Cash Reserve Fund of more than 16% of General Fund budgeted expenditures. The estimated transfer based on FY2023-24 net receipts from the General Fund to the Cash Reserve Fund, which occurs at the beginning of FY2024-25 and is calculated based on statute section 77-4602, was \$39,968,800 at the end of the 2024 session. The actual transfer to the Cash Reserve Fund is \$38,746,104, which is \$1,222,696 less than the estimated amount.

There is no estimated automatic transfer to the Cash Reserve Fund in FY2025-26 because the most recent revenue forecast from the NEFAB for FY2024-25 was a reduction from the certified forecast and was, therefore, required to be recertified. At this point in time, the revenue estimate for FY2024-25 is the certified forecast and there is no estimated revenue above the certified.

Transfers-To & From General Fund

Unlike the automatic transfers that occur after the close of the fiscal year and are statutorily required, other transfers can take place as specifically enacted by the Legislature. The 2023 enacted budget included two transfers to the General Fund from the Cash Reserve Fund. These include \$440 million in FY2023-24 due to the revenue forecast being recertified following the April 2023 forecast after a reduction in the FY2022-23 forecast, and \$1 million in FY2024-25 for the Precision Agriculture grant program pursuant to LB 361.

The 2024 enacted budget adjustments include an additional transfer of \$3 million in FY24-25 to fund the provisions of LB1289. The funds will be used by the Military Department to award a grant to a municipal airport located in a city of the primary class. The grant shall only be used by the municipal airport for the maintenance, repair, and construction of runway facilities that serve the purposes of providing: (a) national and state military preparedness; (b) defense mission support; and (c) civilian passenger or cargo air services.

LB 3 (2024 Special Session) also includes intent language to transfer \$200 million from the Cash Reserve Fund in FY2026-27 if the balance in the Cash Reserve Fund, after accounting for all transfers, exceeds 16% of General Fund appropriations.

Transfers To & From Other Funds

In addition to the transfers to the General Fund, there are several transfers to and from the Cash Reserve Fund for FY2024-25. These funds are listed in Table 7. For more detail on these funds, please refer to the 2024 Biennial Budget Report and the 2024 Special Session Budget Report. In FY2025-26, LB 3 (2024 Special Session) included a transfer of \$10 million to the Governor's Emergency Fund. Other transfers in the Cash Reserve Fund Status for FY2025-26 and thereafter are based on intent language in statute for future transfers and would require transfer language to be enacted to be in effect.

Table 8 - Cash Reserve Fund – Historical Balances

	Beginning Balance	Direct Deposit and Interest	Automatic Transfers (1)	Legislative Transfers (2)		Ending Balance	EB as % of revenues	EB as % of expend
				Gen Fund	Other Funds			
FY1983-84	0	37,046,760	na	0	0	37,046,760	4.7%	4.9%
FY1984-85	37,046,760	(1,472,551)	na	0	0	35,574,209	4.5%	4.4%
FY1985-86	35,574,209	227,855	na	(13,500,000)	0	22,302,064	2.7%	2.7%
FY1986-87	22,302,064	1,428,021	na	0	0	23,730,085	2.7%	2.8%
FY1987-88	23,730,085	1,654,844	na	0	(7,700,000)	17,684,929	1.7%	2.0%
FY1988-89	17,684,929	139,000	na	32,600,000	0	50,423,929	4.4%	5.1%
FY1989-90	50,423,929	113,114	na	(10,500,000)	0	40,037,043	3.5%	3.4%
FY1990-91	40,037,043	0	na	(8,100,000)	0	31,937,043	2.3%	2.3%
FY1991-92	31,937,043	0	na	(5,000,000)	0	26,937,043	1.8%	1.7%
FY1992-93	26,937,043	0	na	(9,500,000)	0	17,437,043	1.1%	1.1%
FY1993-94	17,437,043	0	3,063,462	7,250,000	0	27,750,505	1.7%	1.7%
FY1994-95	27,750,505	0	(8,518,701)	7,250,000	(6,000,000)	20,481,804	1.2%	1.2%
FY1995-96	20,481,804	0	(20,481,804)	18,189,565	0	18,189,565	1.0%	1.0%
FY1996-97	18,189,565	0	19,740,786	3,032,333	0	40,962,684	2.0%	2.2%
FY1997-98	40,962,684	0	91,621,018	0	0	132,583,702	6.3%	6.9%
FY1998-99	132,583,702	0	111,616,422	(96,500,000)	(2,000,000)	145,700,124	6.9%	6.5%
FY1999-00	145,700,124	0	20,959,305	3,500,000	(28,000,000)	142,159,429	5.9%	6.1%
FY2000-01	142,159,429	0	77,576,670	(24,500,000)	(25,000,000)	170,236,099	6.9%	6.9%
FY2001-02	170,236,099	0	0	(59,800,000)	(370,000)	110,066,099	4.7%	4.2%
FY2002-03	110,066,099	66,476,446	0	(87,400,000)	0	59,142,545	2.4%	2.3%
FY2003-04	59,142,545	59,463,461	0	(61,191,862)	(385,807)	87,028,337	3.2%	3.4%
FY2004-05	87,028,337	8,170,556	108,727,007	(26,000,000)	(758,180)	177,167,720	5.8%	6.5%
FY2005-06	177,167,720	0	261,715,297	0	(165,266,227)	273,616,790	8.2%	9.4%
FY2006-07	273,616,790	0	259,929,524	(15,674,107)	(1,784,416)	516,087,791	15.1%	16.5%
FY2007-08	516,087,791	0	191,436,773	(60,177,767)	(101,801,000)	545,545,797	15.6%	16.8%
FY2008-09	545,545,797	0	116,976,571	(54,990,505)	(29,340,000)	578,191,863	17.2%	17.4%
FY2009-10	578,191,863	0	0	(105,000,000)	(5,990,237)	467,201,626	14.6%	14.1%
FY2010-11	467,201,626	0	0	(154,000,000)	0	313,201,626	8.9%	9.4%
FY2011-12	313,201,626	8,422,528	145,155,092	(37,000,000)	3,560,802	428,878,372	11.6%	12.4%
FY2012-13	428,878,372	0	104,789,781	(78,000,000)	(76,008,427)	384,121,402	9.5%	10.7%
FY2013-14	384,121,402	0	285,292,610	49,400,000	251,294	719,065,306	17.5%	18.7%
FY2014-15	719,065,306	0	96,721,232	(67,701,112)	(20,250,000)	727,835,426	16.9%	18.1%
FY2015-16	727,835,426	0	84,599,532	0	(81,779,850)	730,655,108	17.0%	17.4%
FY2016-17	730,655,108	0	0	0	(50,000,000)	680,655,108	16.0%	15.7%
FY2017-18	680,655,108	265,729	0	(225,000,000)	(115,930,772)	339,990,065	7.4%	7.8%
FY2018-19	339,990,065	0	61,995,773	(48,000,000)	(20,436,714)	333,549,124	6.8%	7.6%
FY2019-20	333,549,124	0	176,378,178	0	(83,619,600)	426,307,702	8.6%	9.2%
FY2020-21	426,307,702	0	10,655,528	(30,000,000)	60,000,972	466,964,202	7.8%	10.3%
FY2021-22	466,964,202	0	535,259,366	50,000,000	(124,700,000)	927,523,568	14.6%	19.9%
FY2022-23	927,523,568	0	1,287,998,995	40,000,000	(617,670,000)	1,637,852,563	25.7%	31.8%
FY2023-24	1,637,852,563	0	2,982,492	440,000,000	(1,168,017,580)	912,817,475	12.8%	17.2%
FY2024-25 Est	912,817,475	0	38,746,104	(4,000,000)	(70,383,800)	877,179,779	13.8%	16.1%
FY2025-26 Est	877,179,779	0	0	0	(60,000,000)	817,179,779	11.8%	14.6%
FY2026-27 Est	817,179,779	0	0	(200,000,000)	(50,000,000)	567,179,779	8.1%	10.0%
FY2027-28 Est	567,179,779	0	0	0	(50,000,000)	517,179,779	7.1%	8.9%
FY2028-29 Est	517,179,779	0	0	0	(50,000,000)	467,179,779	6.1%	7.8%

(1) Automatic transfers reflect the prior year variance from forecast. For example the \$285.3 million transfer in FY13-14 actually reflects FY12-13 "excess" receipts compared to the certified forecast. Prior to FY95-96 the transfers occurred in all cases. After FY95-96 transfers only occurred if receipts were above forecast.

(2) Legislative transfers are enacted by legislation and include transfers to the General Fund or other funds.

General Fund Appropriations

The appropriations for the **upcoming biennium** (FY2025-26 and FY2026-27) are based on agency requests submitted in September 2024 and estimates of costs based on current law. The agency requests and estimates reflect a basic continuation budget, including those increases related either to entitlement programs, legislative intent, or costs to implement previously enacted legislative actions and reflect existing statute and policies. This then provides a benchmark from which policy makers can examine the changes to statute and policy choices that are necessary to then actually balance the budget.

Note that in most cases, rationales for the FY2025-26 and FY2026-27 requests are not available as these requests are currently under analysis.

Overall, the projected budget results in a budget growth of 3.6% in FY2025-26 and 1.3% in FY2026-27, a 2.4% two-year average.

For the **“following biennium”** (FY2027-28 and FY2028-29), the increase reflects the annualized impact of current budget actions plus an estimate of future year increases in entitlement programs, salary and health insurance increases, and other funding requirements that are normally not optional. It is an estimate based on “current law”, i.e. an estimate of future obligations with no change to underlying law that creates the obligation, and historical trends relating to costs.

Table 9 – Projected General Fund Budget

	FY2024-25	FY2025-26	FY2026-27	FY2027-28	FY2028-29
<i>CALCULATED BUDGET</i>					
Agency Operations	2,123,880,417	2,180,106,270	2,231,922,041	2,295,647,469	2,361,130,349
State Aid to Ind/Other	1,712,538,622	1,806,914,809	1,831,963,432	1,874,695,136	1,908,988,116
State Aid to Local Govt	1,556,170,197	1,592,363,779	1,594,791,722	1,645,440,992	1,703,205,199
Construction	21,303,928	27,414,824	21,303,928	21,303,928	21,303,928
GF Appropriations w/o deficits	5,413,893,164	5,606,799,683	5,679,981,123	5,837,087,525	5,994,627,593
<i>DOLLAR CHANGE</i>					
Operations	--	56,225,854	51,815,771	63,725,428	65,482,880
State Aid to Ind/Other	--	94,376,187	25,048,623	42,731,704	34,292,980
State Aid to Local Govt	--	36,193,583	2,427,943	50,649,270	57,764,207
Construction	--	6,110,896	(6,110,896)	0	0
GF Appropriations w/o deficits	--	192,906,519	73,181,440	157,106,402	157,540,068
<i>PERCENT CHANGE (w/o deficits)</i>					
Agency Operations	--	2.6%	2.4%	2.9%	2.9%
State Aid to Ind/Other	--	5.5%	1.4%	2.3%	1.8%
State Aid to Local Govt	--	2.3%	0.2%	3.2%	3.5%
Construction	--	28.7%	-22.3%	0.0%	0.0%
Total GF Percent Change	--	3.6%	1.3%	2.8%	2.7%

Table 10 – Projected General Fund Budget Upcoming Biennium (Biennial Basis)

GENERAL FUND ITEM (Agency Request/Estimate)	FY2025-26	FY2026-27
State employee health insurance	5,151,507	10,662,093
State employee salary increases	23,263,656	48,163,280
DAS Rates/Base Adjustments/Annualizations	7,875,752	11,591,885
Retirement Plan Contributions	99,697	1,099,697
FMAP Change	79,454,943	103,202,383
Continuous Eligibility of Children	13,000,062	13,130,063
Child Welfare Rates (Previously Approved)	10,000,000	10,000,000
LB 126 (2024) Homestead exemption	317,000	503,000
LB 276 (2023) Community Behavioral Health Aid	1,171,182	2,342,364
LB 631 (2024) Parole costs	1,750,794	875,000
LB 253 (2024) Veteran Courts	1,860,528	1,879,190
Community College Aid	3,886,907	7,909,855
University/State Colleges	16,973,920	34,520,479
TEEOSA Change (estimate)	(20,864,690)	(42,846,215)
Special Education (estimate)	52,854,366	73,054,885
Opportunity Scholarships (estimate)	(10,000,000)	(10,000,000)
Construction (Reaffirmations only)	6,110,896	0
TOTAL	192,906,519	266,087,959

Table 11 – Projected Budget Increase Following Biennium (Biennial Basis)

	FY2027-28	FY2028-29	% Change FY28	% Change FY29
<u>AID TO LOCAL GOVT</u>				
Aid to K-12 Schools (GF only)	17,624,004	40,262,904	1.82%	2.3%
Special Education	21,614,555	44,742,129	7.0%	7.0%
Community Colleges	2,440,531	4,929,873	2.0%	2.0%
Homestead Exemption	8,970,180	18,478,571	6.0%	6.0%
<u>AID TO INDIVIDUALS</u>				
Medicaid	21,616,664	43,665,660	2.0%	2.0%
Public Assistance	763,801	1,535,239	1.0%	1.0%
Child Welfare Aid	12,956,258	17,070,518	2.0%	2.0%
Developmental Disability aid	3,951,344	7,981,714	2.0%	2.0%
Behavioral Health aid	2,733,181	5,336,428	2.0%	2.0%
Children's Health Insurance (SCHIP)	710,458	1,435,125	2.0%	2.0%
All Other (Aid-Ind)	0	0	--	--
<u>AGENCY OPERATIONS</u>				
Employee Salaries (agencies)	26,849,765	54,505,023	3.0%	3.0%
Employee Health Insurance (agencies)	4,866,937	9,928,552	4.0%	4.0%
University/Colleges funding	17,435,312	35,415,446	2.3%	2.3%
Operations increase (all agencies)	5,544,210	11,254,747	3.0%	3.0%
Corrections per diem/staffing	3,722,530	7,445,060	2.0%	2.0%
Retirement (Schools, Patrol, Judges)	3,000,000	6,000,000	Fixed	Fixed
All Other (Oper)	2,306,674	4,659,481	2.0%	2.0%
<u>CONSTRUCTION (reaffirmations only)</u>	0	0		
<u>TOTAL GENERAL FUND (Biennial Basis)</u>	157,106,402	314,646,470	2.8%	2.7%

Aid to Local Governments

Special Education Increases reflect increasing the base appropriation for General Funds and Education Future Funds to reflect the FY2024-25 deficit and subsequently including an average of the growth rate for the past five years of actual special education reimbursements (7.0% average annual growth since FY2018-19). This is utilized for planning purposes due to the statutory requirement that 80% of allowable costs are reimbursable by the state.

The 7.0% per year increase is related to the portion of funding from the General Fund. However, for purposes of this report, it is assumed a corresponding 7.0% increase would be also anticipated for funding from the Education Future Fund, as nearly half of the state's obligation is paid from that fund. The table below shows the appropriation prior to LB 583 (2023) for FY2021-22/FY2022-23 biennium. The enacted budget, including the requirements of LB 583, is shown for FY2023-24/FY2024-25, including the 50% by fund split of the \$67.95 million. The annual growth from FY2023-24 to FY2024-25 is 10.25%. With the additional amount being split 50%/50%, it results in a fund split of 52.9% General Funds and 47.1% EFF. This is the ongoing fund mix if a base adjustment and a 7% per year increase is include for each fund type. Accounting for the deficit in FY2024-25, the base adjustment for the upcoming biennial budget, and the anticipated 7% annual increase is a total of \$313.4 million over the three-year period (all funds). Actual appropriation level and funding mix will be determined by the Legislature.

Special Education	FY22/FY23 Biennium		Enacted Budget		Upcoming Biennium	
	FY2021-22	FY2022-23	FY2023-24	FY2024-25	FY2025-26	FY2026-27
Base Year appropriation (GF)	231,079,770	231,079,770	235,724,474	235,724,474	235,724,474	235,724,474
Base Adjustment	0	0	0	0	33,975,376	33,975,376
Cost/Client increases	2,310,798	4,644,704	0	33,975,376	18,878,990	39,079,508
Total General Funds	233,390,568	235,724,474	235,724,474	269,699,850	288,578,840	308,779,358
Annual \$ Change (GF)	2,310,798	2,333,906	0	33,975,376	18,878,990	20,200,519
Annual % Change (GF)	1.00%	1.00%	0.00%	14.41%	7.00%	7.00%
Education Future Fund (LB 583, 2023)	0	0	199,041,052	206,007,489	206,007,489	206,007,489
Base Adjustment	0	0	0	0	33,975,376	33,975,376
Cost/Client increases			27,539,228	33,975,376	16,798,801	34,773,517
Total Education Future Funds	0	0	226,580,280	239,982,865	256,781,666	274,756,382
Annual \$ Change (EFF)	0	0	226,580,280	33,975,376	16,798,801	34,773,517
Annual % Change (EFF)	0.00%	0.00%	N/A	5.92%	7.00%	7.00%
TOTAL ALL FUNDS	233,390,568	235,724,474	462,304,754	509,682,715	545,360,505	583,535,740
Annual \$ Change (ALL FUNDS)	2,310,798	2,333,906	226,580,280	47,377,961	35,677,790	38,175,235
Annual % Change (ALL FUNDS)	1.00%	1.00%	96.12%	10.25%	7.00%	7.00%
GF Share of total	100.0%	100.0%	51.0%	52.9%	52.9%	52.9%

State Aid to Schools (TEEOSA) The estimate for FY2025-26 reflects the estimate provided by the Department of Education following the November meeting. Estimates for the following three fiscal years are the LFO estimates for TEEOSA state aid from the General Fund under current law.

<u>TEEOSA AID BY FUND TYPE</u>	<u>FY2024-25 Cert.</u>	<u>FY2025-26</u>	<u>FY2026-27</u>	<u>FY2027-28</u>	<u>FY2028-29</u>
State General Funds	1,010,135,323	989,270,633	967,289,108	984,913,112	1,007,552,012
Education Future Fund	112,309,502	112,729,367	113,204,174	113,737,010	114,331,228
Insurance Premium Tax (w/o deficit)	41,000,000	43,000,000	45,000,000	46,500,000	48,000,000
Total TEEOSA Aid (all funds)	1,163,444,825	1,145,000,000	1,125,493,282	1,145,150,122	1,169,883,241
% Change from Prior Year (all funds)	-1.41%	-1.59%	-1.70%	1.75%	2.16%

<u>TEEOSA Components</u>	<u>FY2024-25 Cert.</u>	<u>FY2025-26</u>	<u>FY2026-27</u>	<u>FY2027-28</u>	<u>FY2028-29</u>
Local Effort Rate	1.00	1.00	1.00	1.00	1.00
Allowable Growth Rate: Year of Aid	2.50%	2.50%	2.50%	2.50%	2.50%
Allowable Growth Rate: Prior Year	2.50%	2.50%	2.50%	2.50%	2.50%
Cost Growth Factor	1.05	1.05	1.05	1.05	1.05
Spending Growth (GFOE)	5.90%	3.49%	3.32%	3.49%	3.49%
Valuation Growth	11.43%	8.81%	6.97%	3.14%	3.19%
Formula Students	311,971	313,137	314,456	315,936	317,587
Agricultural Land (% of actual)	75.00%	75.00%	75.00%	75.00%	75.00%
Residential + C & I + RR/PS (% of actual)	100.00%	100.00%	100.00%	100.00%	100.00%
Foundation Aid	1,500	1,500	1,500	1,500	1,500
Foundation Aid counted as Resource	100.00%	60.00%	60.00%	60.00%	60.00%

Aid to Community Colleges The projected increase for the upcoming biennium reflects the agency request for additional aid. For the following biennium, a 2.0% per year increase is included reflecting state aid to support operations budget increases.

Homestead Exemption The agency requested additional funds based on LB 126 (2024) that expanded eligibility of the program. The agency did not request additional funds relating to additional forecasted exemption amounts beyond the amounts required for LB 126. For the following biennium, a 6.0% per year annual increase is included, reflecting the historical average.

Aid to Individuals

Medicaid and Children’s Health Insurance (CHIP) For the upcoming biennium, increases related to the decrease in the FMAP and federally required continuous eligibility of children are included. Both of these issues affect Medicaid and CHIP. For the following biennium, the growth is 2.0% per year. This estimate assumes no change in the federal match rate in FY2027-28 or FY2028-29. However, the increase is calculated accounting for the additional funds related to the change in the FMAP in FY2025-26 and FY2026-27.

Public Assistance The agency did not request General Funds for the upcoming biennium for public assistance aid. A basic growth rate of 1.0% in each fiscal year, reflecting historical average growth that is nearly flat.

Child Welfare The increase for the upcoming biennium reflects the anticipated increase in FY2025-26 for provider rates that are funded by ARPA funds in the FY2023-24/FY2024-25 biennium. The amount is required for a continuation of the existing rates and would be funded by General Funds in the upcoming biennium as ARPA funds are no longer available. The anticipated increase in the following biennium is 2.0% per year based on the historical average.

Developmental Disability Aid The agency did not request General Funds for the upcoming biennium for developmental disability aid. A 2.0% per year increase for the following biennium is included.

Behavioral Health Aid. This area includes substance abuse and mental health aid. The increases in the upcoming biennium relate to LB 276 (2023). The increases in the following biennium reflect a 2.0% increase per year. This is calculated after the increases related to LB 276 (2023) are reflected in the upcoming biennium

Agency Operations / Construction

Employee Salary Increases Although salary increases will be the result of bargaining, some level of increase is factored in more for illustration than planning purposes. A 3.0% per year increase is included based on the instructions for agencies in submitting budget requests. For the following biennium, a 3.0% increase is utilized as well, which approximates inflation.

Employee Health Insurance For planning purposes, an 5.0% per year increase in health insurance is included based on the instructions for agencies in submitting budget requests. For the following biennium, 4.0% per year is included based on historical averages.

University and State Colleges Funding The calculated amounts for the upcoming biennium are based on applying the same salary and health insurance increases as noted for state employees planning purposes, and applying them to both the University and State Colleges, with an adjustment relative to University funding based on historical averages. Included is a 2.3% annual increase for the following biennium as well.

Operations Inflation For the upcoming biennium, agency requests related to base adjustments, changes in DAS rates, and annualizations of A bills are included in this category. Included in the projected status for FY2027-28 and FY2028-29 is a general 3% increase in agency non-personnel operating costs. Although not provided as an across the board increase, this amount includes operations expenses related to enacted A bills and also historically covers increases in utility costs at state and higher education facilities as well as food and other inflationary cost increases at 24/7 state facilities such as veterans homes, BSDC, etc...

Correctional Services Costs For the upcoming biennium, additional costs related to LB 631 (2024) for parole services are included. For the following biennium, a 2.0% per year increase is included to reflect increases in per diem costs and staffing. While some costs at the Dept. of Correctional Services such as staffing are “fixed” within a range of inmate population, some costs change directly with each inmate. This includes food, clothing, and medical care.

Defined Benefit Retirement Plans The increase in funding for the defined benefit retirement plans for reflects the agency request for the upcoming biennium and an for the following biennium, an estimated increase in the state’s retirement plans.

Capital Construction

General Fund dollars included in the projected budget for capital construction reflect adjustments related to reaffirmations only. These are dollar amounts needed to complete funding of projects approved in previous legislative sessions.

Appendix A

Statutory Provisions - Tax Rate Review Committee

Statutory Required Meetings

Section 77-2715.01 relates to the Legislature setting the sales and income tax rates and creates the Tax Rate Review Committee and its duties and responsibilities

“(1)(a) Commencing in 1987 the Legislature shall set the rates for the income tax imposed by section 77-2715 and the rate of the sales tax imposed by subsection (1) of section 77-2703. For taxable years beginning or deemed to begin before January 1, 2013, the rate of the income tax set by the Legislature shall be considered the primary rate for establishing the tax rate schedules used to compute the tax.

(b) The Legislature shall set the rates of the sales tax and income tax so that the estimated funds available plus estimated receipts from the sales, use, income, and franchise taxes will be not less than three percent nor more than seven percent in excess of the appropriations and express obligations for the biennium for which the appropriations are made. The purpose of this subdivision is to insure that there shall be maintained in the state treasury an adequate General Fund balance, considering cash flow, to meet the appropriations and express obligations of the state.

(c) For purposes of this section, express obligation shall mean an obligation which has fiscal impact identifiable by a sum certain or by an established percentage or other determinative factor or factors.

2) The Speaker of the Legislature and the chairpersons of the Legislature's Executive Board, Revenue Committee, and Appropriations Committee shall constitute a committee to be known as the Tax Rate Review Committee. The Tax Rate Review Committee shall meet with the Tax Commissioner within ten days after July 15 and November 15 of each year and shall determine whether the rates for sales tax and income tax should be changed. In making such determination the committee shall recalculate the requirements pursuant to the formula set forth in subsection (1) of this section, taking into consideration the appropriations and express obligations for any session, all miscellaneous claims, deficiency bills, and all emergency appropriations. The committee shall prepare an annual report of its determinations under this section. The committee shall submit such report electronically to the Legislature and shall append the tax expenditure report required under section 77-382.

In the event it is determined by a majority vote of the committee that the rates must be changed as a result of a regular or special session or as a result of a change in the Internal Revenue Code of 1986 and amendments thereto, other provisions of the laws of the United States relating to federal income taxes, and the rules and regulations issued under such laws, the committee shall petition the Governor to call a special session of the Legislature to make whatever rate changes may be necessary.”

Annual Report

LB962 enacted in the 2012 legislative session included a new requirement that the Tax Rate Review Committee (TRRC) prepare an annual report of its determinations, submit such report electronically to the Legislature, and append the tax expenditure report required under section 77-382 to such annual report. LB33 enacted in the 2015 legislative session also required the preparation of a volatility report (now section 50-419.02) and append that report to the TRRC annual report.

As the Tax Rate Review Committee meets twice each year, for purposes of this provision the annual report will be prepared after the required November meeting

REPORT TO THE TAX RATE REVIEW COMMITTEE

July 18, 2024

Required July Meeting Pursuant to Section 77-2715.01

Tax Rate Review Committee

Speaker of the Legislature

Executive Board Chair

Revenue Committee Chair

Appropriations Committee Chair

Senator John Arch

Senator Ray Aguilar

Senator Lou Ann Linehan

Senator Robert Clements

Tax Commissioner – James Kamm

Prepared by the Legislative Fiscal Office

Summary

FY2023-24, completed on June 30, 2024, yielded General Fund net receipts \$10.6 million below the February 2024 forecast adjusted for 2024 legislation. Revenue growth is 4.7% for FY2023-24, after adjusting for changes in tax rates and the tax base, which is slightly below the historical average of 5.3%.

The FY2023-24 actual net receipts exceeded the July 2023 certified forecast for FY2023-24 by \$718,684,680. Under section 77-4602, this amount was certified by the Department of Revenue as the excess amount above the certified forecast. Pursuant to 77-4602(4)(c), the transfer amount was reduced so the balance of the Cash Reserve Fund did not exceed 16% of total General Fund budgeted expenditures for FY2024-25 (new appropriations and reappropriated General Funds). As a result, the automatic transfer to the Cash Reserve Fund is reduced from the excess amount certified to \$38,746,104.

The General Fund financial status, published at Sine Die in April of 2024, reflected \$521.2 million above the minimum reserve in the FY24/FY25 biennium, and \$49.9 million below the minimum reserve for the FY26/FY27 biennium. The General Fund financial status published in this report reflects \$503.9 million above the minimum reserve in the FY24/FY25 biennium, and \$68.0 million below the minimum reserve for the FY26/FY27 biennium.

For the FY24/FY25 biennium, this is a reduction of \$17.3 million above the minimum reserve. For the FY26/27 biennium, this is a reduction of \$18.2 million above the minimum reserve.

The main factors contributing to a reduction in funds available include:

- Net receipts for FY2023-24 are below the projected amount by \$10.6 million;
- The accounting adjustment for FY2023-24 is calculated to be \$8.8 million, which is comprised of statutory transfers which fluctuate in amount; and
- A correction is made to the FY2026-27 impact of LB 1344, which increases in revenue loss beginning in FY2026-27 from \$900,000 per year to \$3 million per year.

The main factors that increase funds available and offset some of the reduction in funds available include:

- The automatic transfer to the Cash Reserve Fund is \$1.2 million less than the projected amount of \$40 million;
- The minimum reserve requirement for the current biennium and following biennium is lower by approximately \$500,000 for each biennium; and
- There is a change in calculated carryover obligations of approximately \$400,000.

Current General Fund Financial Status

(With FY2023-24 Actual Revenue & Expenditures)

	Actual FY2022-23	Current Biennium FY2023-24 FY2024-25		Est for Following Biennium FY2025-26 FY2026-27	
1 BEGINNING BALANCE					
2 Beginning Cash Balance	2,494,107,852	1,853,785,088	1,843,296,751	855,383,520	684,146,792
3 Cash Reserve transfers-automatic	(1,287,998,995)	(2,982,492)	(38,746,104)	0	0
4 Carryover obligations from FY24	0	0	(437,528,028)	0	0
5 Allocation for potential deficits	0	0	0	(5,000,000)	(5,000,000)
6 Unobligated Beginning Balance	1,206,108,857	1,850,802,596	1,367,022,619	850,383,520	679,146,792
7 REVENUES & TRANSFERS					
8 Net Receipts	6,367,982,492	7,155,810,580	5,888,878,915	6,349,119,532	6,244,279,082
9 General Fund transfers-out (current law)	(518,053,459)	(1,399,760,000)	(944,553,886)	(952,417,382)	(976,636,640)
10 General Fund transfers-in (current law)	in actual	in forecast	in forecast	0	0
11 Cash Reserve transfers	(50,000,000)	(440,000,000)	4,000,000	0	0
12 Accounting Adjustment	1,937,066	(8,779,331)	0	0	0
13 General Fund Net Revenues	5,801,866,099	5,307,271,249	4,948,325,029	5,396,702,150	5,267,642,442
14 APPROPRIATIONS					
15 Expenditures / Appropriations	5,154,189,868	5,314,777,094	5,125,672,253	5,125,672,253	5,125,672,253
16 Mainline Budget and A bills (2024 session)	0	0	329,291,875	329,291,875	329,291,875
17 Projected budget increase, following biennium	0	0	0	107,974,749	224,313,023
18 2025 Biennium Budget Adjustments	0	0	5,000,000	0	0
19 2025 A bills	0	0	0	0	0
20 General Fund Appropriations	5,154,189,868	5,314,777,094	5,459,964,128	5,562,938,878	5,679,277,151
21 ENDING BALANCE					
22 \$ Ending balance (per Financial Status)	1,853,785,088	1,843,296,751	855,383,520	684,146,792	267,512,083
23 \$ Ending balance (at Min. Reserve 3.0%)			351,485,032		335,526,062
24 Excess (shortfall) from Minimum Reserve			503,898,488		(68,013,979)
25 Biennial Reserve (%)			7.6%		2.4%
General Fund Appropriations					
26 Annual % Change - Appropriations (w/o deficits)	6.4%	4.4%	2.1%	1.9%	2.1%
27 Two Year Average	3.5%	--	3.2%	--	2.0%
28 Est. Revenue Growth (rate/base adjusted)	1.7%	4.7%	2.7%	5.6%	3.6%
29 Two Year Average	10.7%	--	3.7%	--	4.6%
30 Five Year Average	9.7%	--	8.4%	--	3.6%
31 Unadjusted % change over prior year	0.3%	12.4%	-17.7%	7.8%	-1.7%
32 <u>On-Going Revenues vs Appropriations</u>	726,193,848	397,836,831	(515,639,189)	(166,236,817)	(411,634,799)

CASH RESERVE FUND	FY2022-23	FY2023-24	FY2024-25	Estimated	Estimated
				FY2025-26	FY2026-27
Beginning Balance	927,523,568	1,637,852,563	912,817,475	902,179,779	852,179,779
Excess of certified forecasts (line 3 in Status)	1,287,998,995	2,982,492	38,746,104	0	0
To/from Gen Fund Current Law	40,000,000	440,000,000	(4,000,000)	0	0
To Nebr Capital Construction Fund (NCCF)	(216,120,000)	(166,673,580)	(29,458,800)	0	0
To University Next project (LB1107-2020)	0	0	0	(50,000,000)	(50,000,000)
To Perkins County Canal Fund	(53,500,000)	(574,500,000)	0	0	0
To Jobs & Econ Develop Initiative	0	(52,000,000)	0	0	0
To Nebr Rural Projects Act	(50,000,000)	0	0	0	0
To Trail Develop/Improve Fund	(8,300,000)	0	0	0	0
To Rural Workforce Housing fund	(30,000,000)	0	0	0	0
To Surface Water Irrigation Fund	(50,000,000)	0	0	0	0
To Intern Nebraska Cash Fund	(20,000,000)	0	0	0	0
To Site & Building Fund	(20,000,000)	(2,000,000)	0	0	0
To Military Base Development fund	(30,000,000)	0	0	0	0
To Middle Income Housing fund	(20,000,000)	0	0	0	0
To Roads Operations Cash Fund	(100,000,000)	0	0	0	0
To State Indemnification Revolving Fund	(18,750,000)	0	0	0	0
From Gov Emergency Fund	0	15,841,000	0	0	0
To Econ Recovery Contingency	0	(240,000,000)	0	0	0
To Shovel Ready Capital Recovery Fund	0	(70,000,000)	0	0	0
To Critical Infrastructure Facilities Fund	0	(10,000,000)	0	0	0
To Economic Development Cash Fund	0	(20,000,000)	0	0	0
To Public Safety Fund	0	(1,115,000)	0	0	0
To Accounting Division Revolving Fund	0	(1,100,000)	0	0	0
To Health and Human Services Cash	0	(11,320,000)	(3,500,000)	0	0
To Risk Loss Trust (State Colleges)	0	(3,000,000)	0	0	0
To Youth Outdoor Education Fund	0	(10,000,000)	0	0	0
To Public Safety Comm Systems Revolving Fund	0	(5,000,000)	(2,425,000)	0	0
To Materiel Division Revolving Fund	0	(2,500,000)	0	0	0
To State Building Revolving Fund	0	(1,400,000)	0	0	0
To Revitalize Rural Nebraska Fund (LB531-2023)	(1,000,000)	0	0	0	0
To State Insurance Fund	0	(3,250,000)	(5,000,000)	0	0
To School Safety and Security Fund (LB705-2023)	0	(10,000,000)	0	0	0
To Municipality Infrastructure Aid Fund (LB 600-2024)	0	0	(5,000,000)	0	0
Projected Unobligated Ending Balance	1,637,852,563	912,817,475	902,179,779	852,179,779	802,179,779
Ending Balance as % of Revenues	25.7%	12.8%	15.3%	13.4%	12.8%
Ending Balance as % of Expenditures	31.8%	17.2%	16.5%	15.3%	14.1%

Changes in the Financial Status since Sine Die 2024

The Sine Die General Fund financial status, published in April of 2024, reflected \$521.2 million above the minimum reserve in the FY24/FY25 biennium, and \$49.9 million below the minimum reserve for the FY26/FY27 biennium. The General Fund financial status published in this report reflects \$503.9 million above the minimum reserve in the FY24/FY25 biennium, and \$68.0 million below the minimum reserve for the FY26/FY27 biennium.

For the FY24/FY25 biennium, this is a reduction of \$17.3 million above the minimum reserve. For the FY26/27 biennium, this is a reduction of \$18.2 million above the minimum reserve.

The difference is attributable to the following changes in the financial status since April 2024.

Actual FY2023-24 Net Receipts vs Estimated FY2023-24 Net Receipts

The FY2023-24 February forecast of the Nebraska Economic Forecasting Advisory Board, adjusted for 2024 legislation, is \$7,166,416,542 (\$7.02 billion plus \$146.4 million in General Fund transfers in authorized in the budget).

Actual net receipts for FY2023-24 are \$7,155,810,580, which is \$10,605,962 below the forecasted amount (adjusted for legislation).

Transfer to the Cash Reserve Fund

The estimated transfer based on FY2023-24 net receipts from the General Fund to the Cash Reserve Fund, which occurs at the beginning of FY2024-25 and is calculated based on statute section 77-4602, was \$39,968,800 at the end of the 2024 session. The actual transfer to the Cash Reserve Fund is \$38,746,104, which is \$1,222,696 less than the estimated amount.

Expenditure of FY2023-24 Appropriation

Total General Fund appropriations for FY2023-24, including reappropriated or encumbered amounts from FY2022-23, were \$5,752,305,122. This included \$5,354,643,703 of new appropriations and \$397,661,419 of reappropriated or encumbered amounts from FY2022-23.

Actual General Fund expenditures for FY2023-24 were \$5,314,777,094, which is about \$39.8 million less than the FY2023-24 new appropriations and results in carryover obligations (reappropriations and encumbrances) from FY2023-24 carried over to FY2024-25 totaling \$437,528,028. FY2023-24 is the first year of a two-year biennium budget and all unexpended funds in FY2023-24 are reappropriated to the second year of the biennium, FY2024-25.

Accounting Adjustments

Most of the "accounting adjustments" are transfers-out that are authorized in statute but not in specific amounts such as legislatively enacted transfers or occur on a deficit basis like the Dept. of Revenue tax enforcement transfer per tax amnesty legislation.

Transfer-Out Fund 21540 & 21541 Dept. of Revenue enforcement	(750,000)
Transfer-Out to Mutual Finance Assistance Fund, cash flow	(4,979,280)
Transfer-Out State Patrol drug purchases	(47,960)
All other accounting adjustments	(3,002,091)
<hr/>	
Total Accounting adjustment	(8,779,331)

Change in the Minimum Reserve

Based upon the actual net receipts, transfers, and expenditures for FY2023-24, the amount required pursuant to the minimum reserve requirement is about \$500,000 less for the current biennium and the following biennium than the amount estimated at Sine Die.

Change in carryover obligations

The estimated carryover obligations at Sine Die of the 2024 session was \$398.1 million. The actual calculated carryover obligations published in this report are \$397.7 million, a difference of \$421,906.

Correction – Fiscal Impact of LB 1344

In the 2024 Sine Die financial status, the estimated impact of LB 1344 was \$900,000 revenue loss per fiscal year. According to the legislation's provisions, this impact increases to \$3 million in FY2026-27 and the financial status revenue estimates, as adjusted for legislation, reflect the enacted law to include the additional \$2.1 million in estimated revenue loss for FY2026-27 only.

FY2023-24 Actual General Fund Receipts

Table 1 compares the various forecasts with actual receipts for FY2023-24. Table 2 shows actual receipts and adjusted growth for FY2023-24 and the previous five years, Table 3 shows a chronology of the FY2023-24 forecasts and Table 4 provides historical revenues.

Table 1 FY2023-24 Actual Receipts vs Forecast

TOTAL BY MONTH	Cert July 2023	Oct 2023	Feb 2024 + Bills	Actual	\$ Variance	\$ Variance	\$ Variance
	FY2023-24	FY2023-24	FY2023-24	FY2023-24	Cert July 2023	Oct 2023	Feb 2024
July	341,292,000	360,172,000	360,172,000	360,173,495	18,881,495	1,495	1,495
August	614,525,000	600,291,000	600,291,000	600,291,116	(14,233,884)	116	116
September	719,193,000	673,138,000	673,138,000	673,137,658	(46,055,342)	(342)	(342)
October	365,828,000	367,058,000	367,058,000	367,058,319	1,230,319	319	319
November	582,548,000	600,638,000	596,259,000	596,259,714	13,711,714	(4,378,286)	714
December	574,157,000	593,752,000	1,224,807,000	1,224,806,066	650,649,066	631,054,066	(934)
January	561,302,000	583,137,000	796,801,000	796,801,089	235,499,089	213,664,089	89
February	447,481,000	443,259,000	466,257,000	466,257,771	18,776,771	22,998,771	771
March	353,225,000	339,214,000	294,293,000	605,029,807	251,804,807	265,815,807	310,736,807
April	679,765,000	662,434,000	536,457,000	364,873,694	(314,891,306)	(297,560,306)	(171,583,306)
May	554,854,000	568,484,000	515,855,000	327,321,979	(227,532,021)	(241,162,021)	(188,533,021)
June	642,956,000	653,423,000	735,028,542	773,799,874	130,843,874	120,376,874	38,771,332
Total GF Revenues	6,437,126,000	6,445,000,000	7,166,416,542	7,155,810,580	718,684,580	710,810,580	(10,605,962)
<u>TOTAL BY QUARTER</u>							
1st Qt (July-Sept)	1,675,010,000	1,633,601,000	1,633,601,000	1,633,602,268	(41,407,732)	1,268	1,268
2nd Qt (Oct-Dec)	1,522,533,000	1,561,448,000	2,188,124,000	2,188,124,098	665,591,098	626,676,098	98
3rd Qt (Jan-March)	1,362,008,000	1,365,610,000	1,557,351,000	1,868,088,667	506,080,667	502,478,667	310,737,667
4th Qt (April-June)	1,877,575,000	1,884,341,000	1,787,340,542	1,465,995,547	(411,579,453)	(418,345,453)	(321,344,995)
Total GF Revenues	6,437,126,000	6,445,000,000	7,166,416,542	7,155,810,580	718,684,580	710,810,580	(10,605,962)
<u>TOTAL BY TYPE</u>							
Sales/Use	2,494,986,000	2,500,000,000	2,500,000,000	2,458,834,068	(36,151,932)	(41,165,932)	(41,165,932)
Ind Income	3,064,879,000	3,000,000,000	2,800,000,000	2,479,054,186	(585,824,814)	(520,945,814)	(320,945,814)
Corp Income	568,278,000	650,000,000	1,400,000,000	1,724,908,135	1,156,630,135	1,074,908,135	324,908,135
Misc Receipts	308,983,000	295,000,000	466,416,542	493,014,191	184,031,191	198,014,191	26,597,649
Total GF Revenues	6,437,126,000	6,445,000,000	7,166,416,542	7,155,810,580	718,684,580	710,810,580	(10,605,962)

Table 2 Actual Receipts and Adjusted Growth

	Actual FY2018-19	Actual FY2019-20	Actual FY2020-21	Actual FY2021-22	Actual FY2022-23	Actual FY2023-24
<u>GROSS RECEIPTS</u>						
Sales and Use	2,323,766,414	2,550,432,397	2,746,553,548	3,074,312,574	3,252,191,162	3,392,895,130
Individual Income	2,995,220,724	2,901,208,799	3,699,016,446	3,986,522,071	3,991,494,197	4,144,376,859
Corporate Income	465,815,238	432,059,215	642,787,525	788,317,225	825,102,980	1,822,582,615
Miscellaneous	269,431,444	254,760,474	247,487,690	257,462,295	333,260,332	493,367,892
Total Gross Receipts	6,054,233,820	6,138,460,885	7,335,845,209	8,106,614,165	8,402,048,670	9,853,222,496
<u>REFUNDS & CREDITS</u>						
City Sales Tax	432,135,164	489,132,760	522,704,311	584,618,788	668,367,865	655,114,233
State Sales and Use	141,849,001	111,269,736	108,541,691	245,291,674	120,783,094	144,920,330
Sales tax to Hwy Funds	78,843,507	87,777,306	94,686,153	102,347,729	111,414,881	117,761,460
CSI Turnback	12,831,609	14,016,636	10,873,123	8,902,302	15,725,386	16,265,040
Individual Income	449,540,685	455,561,314	568,417,122	743,284,478	985,542,138	1,665,322,672
Corporate Income	42,077,667	40,895,463	71,567,201	73,164,489	132,138,250	97,674,480
Miscellaneous	578,009	45,059	13,180	10,003	94,564	353,701
Total Refunds/Credits	1,157,855,642	1,198,698,274	1,376,802,781	1,757,619,463	2,034,066,179	2,697,411,916
<u>NET RECEIPTS</u>						
Sales and Use	1,658,107,133	1,848,235,959	2,009,748,270	2,133,152,081	2,335,899,936	2,458,834,067
Individual Income	2,545,680,039	2,445,647,485	3,130,599,324	3,243,237,593	3,005,952,059	2,479,054,187
Corporate Income	423,737,571	391,163,752	571,220,324	715,152,736	692,964,729	1,724,908,135
Miscellaneous	268,853,435	254,715,415	247,474,510	257,452,292	333,165,768	493,014,191
Total Net Receipts	4,896,378,178	4,939,762,611	5,959,042,428	6,348,994,702	6,367,982,492	7,155,810,580
<u>ADJUSTED GROWTH</u>						
Sales/Use	4.5%	7.2%	7.9%	13.3%	4.1%	6.9%
Ind Income	9.0%	3.6%	16.4%	18.3%	-2.1%	0.0%
Corp Income	30.2%	1.7%	23.9%	52.2%	2.3%	17.8%
Misc Receipts	3.9%	6.3%	4.1%	14.8%	37.9%	4.5%
Total GF Revenues	8.7%	4.8%	13.5%	19.6%	1.7%	4.7%

Table 3 Chronology of FY2023-24 Revenue Forecasts

	Sales/Use	Individual	Corporate	Misc	Total Forecast	Forecast	Change in Forecast		
							Bills	Other	Total
FY2023-24									
Board Est-October 2022	2,500,000	3,250,000	475,000	250,000	6,475,000	0	0	0	0
Board Est-February 2023	2,500,000	3,250,000	475,000	250,000	6,475,000	0	0	0	0
Board Est-April 2023	2,500,000	3,150,000	575,000	275,000	6,500,000	25,000	0	0	25,000
Sine Die 2023 Session	2,494,986	3,065,283	567,874	308,983	6,437,126	0	(62,874)	0	(62,874)
Board Est-October 2023	2,500,000	3,000,000	650,000	295,000	6,445,000	7,874	0	0	7,874
Board Est-Feb 2024	2,500,000	2,800,000	1,400,000	320,000	7,020,000	0	0	575,000	575,000
Sine Die 2024 Session	2,500,000	2,800,000	1,400,000	466,417	7,166,417	0	146,417	0	146,417
Actual Receipts FY2023-24	2,458,834	2,479,054	1,724,908	493,014	7,155,811	(10,606)	0	0	(10,606)
Change: First NEFAB to Actual	(41,166)	(770,946)	1,249,908	243,014	680,811	22,268	83,542	575,000	680,811

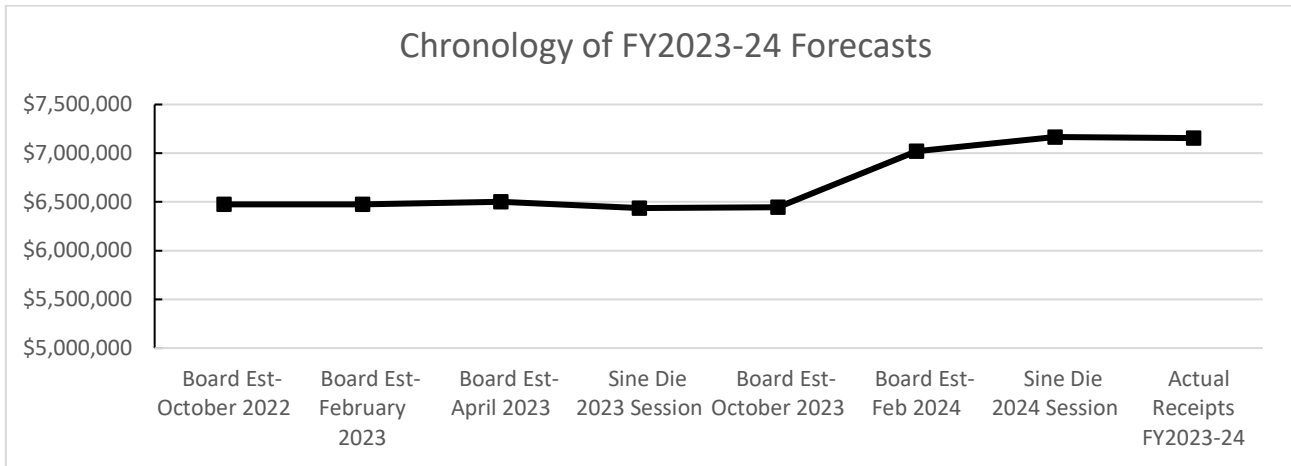
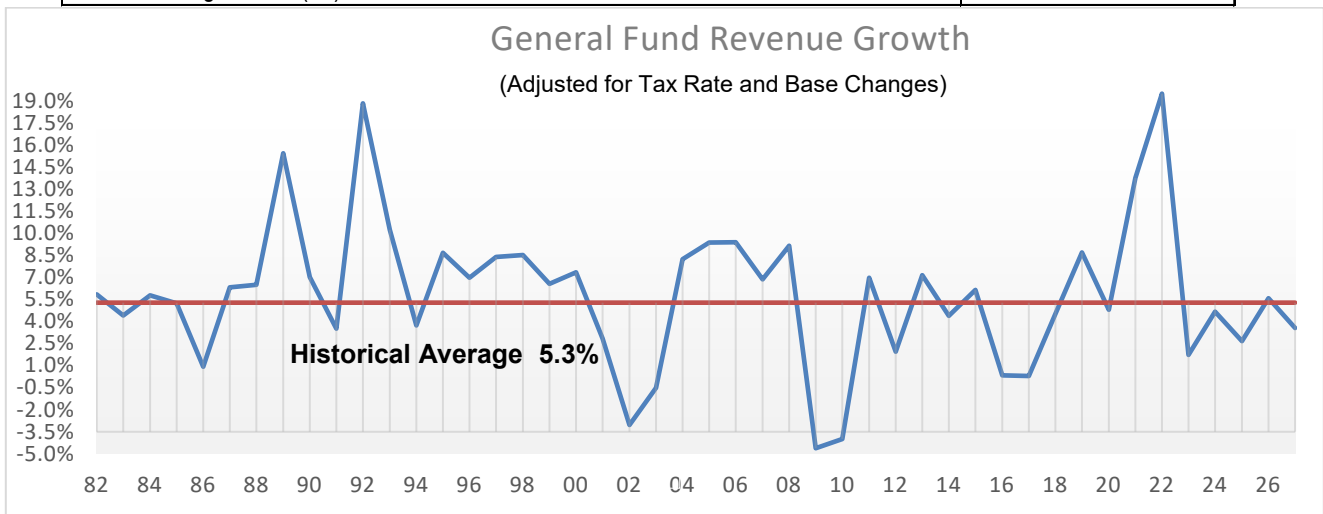


Table 4 Historical and Projected Revenues (millions of dollars)

	Sales/ Use	Individual Income	Corporate Income	Misc. Receipts	Total GF Receipts	Adjusted % Change	Unadjusted % Change
<u>ADJUSTED GROWTH</u>							
FY2001-02 Actual	918.9	1,159.8	107.6	179.2	2,365.5	-3.0%	-3.7%
FY2002-03 Actual	1,028.9	1,129.4	111.6	186.4	2,456.4	-0.5%	3.8%
FY2003-04 Actual	1,114.4	1,249.9	167.4	187.0	2,718.7	8.3%	10.7%
FY2004-05 Actual	1,231.0	1,400.1	198.4	207.7	3,037.2	9.4%	11.7%
FY2005-06 Actual	1,263.7	1,545.3	262.3	280.9	3,352.2	9.4%	10.4%
FY2006-07 Actual	1,303.8	1,650.9	213.0	240.6	3,408.3	6.9%	1.7%
FY2007-08 Actual	1,321.9	1,726.1	232.9	225.3	3,506.2	9.2%	2.9%
FY2008-09 Actual	1,326.2	1,600.4	198.5	232.4	3,357.5	-4.6%	-4.2%
FY2009-10 Actual	1,289.8	1,514.8	154.3	245.7	3,204.7	-4.0%	-4.6%
FY2010-11 Actual	1,372.8	1,735.2	154.9	236.7	3,499.7	7.0%	9.2%
FY2011-12 Actual	1,436.9	1,822.9	234.3	201.8	3,695.9	2.0%	5.6%
FY2012-13 Actual	1,474.9	2,101.9	275.6	199.9	4,052.4	7.2%	9.6%
FY2013-14 Actual	1,524.8	2,060.8	306.6	225.3	4,117.5	4.4%	1.6%
FY2014-15 Actual	1,535.4	2,205.5	346.5	217.7	4,305.1	6.2%	4.6%
FY2015-16 Actual	1,528.0	2,221.1	307.6	251.2	4,308.0	0.3%	0.1%
FY2016-17 Actual	1,548.4	2,224.8	264.5	228.1	4,265.8	0.3%	-1.0%
FY2017-18 Actual	1,602.7	2,360.6	313.7	290.0	4,566.9	4.5%	7.1%
FY2018-19 Actual	1,658.1	2,545.7	423.7	268.8	4,896.4	8.7%	7.2%
FY2019-20 Actual	1,848.2	2,445.7	391.2	254.7	4,939.8	4.8%	0.9%
FY2020-21 Actual	2,009.7	3,130.6	571.2	247.5	5,959.0	13.8%	20.6%
FY2021-22 Actual	2,133.2	3,243.2	715.1	257.4	6,348.9	19.5%	6.5%
FY2022-23 Actual	2,335.9	3,006.0	693.0	333.2	6,368.0	1.7%	0.3%
FY2023-24 Actual	2,458.8	2,479.1	1,724.9	493.0	7,155.8	4.7%	12.4%
FY2024-25 NEFAB	2,598.9	2,229.6	739.6	320.8	5,888.9	2.7%	-17.7%
FY2025-26 LFO Prelim	2,656.5	2,948.1	519.0	225.6	6,349.1	5.6%	7.8%
FY2026-27 LFO Prelim	2,760.8	2,775.5	496.7	211.2	6,244.3	3.6%	-1.7%
<u>AVERAGE GROWTH:</u>							
Historical Average	4.5%	6.1%	6.5%	2.1%	5.3%	5.3%	5.4%
Above Average Years (26)	6.9%	10.9%	11.9%	2.8%	8.8%	8.8%	
Below Average Years (20)	2.7%	2.2%	-0.3%	0.4%	1.9%	1.9%	



Cash Reserve Fund

	Beginning Balance	Direct Deposit and Interest	Automatic Transfers (1)	Legislative Transfers (2)	Cash Flow	Ending Balance	EB as % of revenues	EB as % of expend
FY1983-84	0	37,046,760	na	0	0	37,046,760	4.7%	4.9%
FY1984-85	37,046,760	(1,472,551)	na	0	0	35,574,209	4.5%	4.4%
FY1985-86	35,574,209	227,855	na	(13,500,000)	0	22,302,064	2.7%	2.7%
FY1986-87	22,302,064	1,428,021	na	0	0	23,730,085	2.7%	2.8%
FY1987-88	23,730,085	1,654,844	na	(7,700,000)	0	17,684,929	1.7%	2.0%
FY1988-89	17,684,929	139,000	na	32,600,000	0	50,423,929	4.4%	5.1%
FY1989-90	50,423,929	113,114	na	(10,500,000)	0	40,037,043	3.5%	3.4%
FY1990-91	40,037,043	0	na	(8,100,000)	0	31,937,043	2.3%	2.3%
FY1991-92	31,937,043	0	na	(5,000,000)	0	26,937,043	1.8%	1.7%
FY1992-93	26,937,043	0	na	(9,500,000)	0	17,437,043	1.1%	1.1%
FY1993-94	17,437,043	0	3,063,462	7,250,000	0	27,750,505	1.7%	1.7%
FY1994-95	27,750,505	0	(8,518,701)	1,250,000	0	20,481,804	1.2%	1.2%
FY1995-96	20,481,804	0	(20,481,804)	18,189,565	0	18,189,565	1.0%	1.0%
FY1996-97	18,189,565	0	19,740,786	3,032,333	0	40,962,684	2.0%	2.2%
FY1997-98	40,962,684	0	91,621,018	0	0	132,583,702	6.3%	6.9%
FY1998-99	132,583,702	0	111,616,422	(98,500,000)	0	145,700,124	6.9%	6.5%
FY1999-00	145,700,124	0	20,959,305	(24,500,000)	0	142,159,429	5.9%	6.1%
FY2000-01	142,159,429	0	77,576,670	(49,500,000)	0	170,236,099	6.9%	6.9%
FY2001-02	170,236,099	0	0	(60,170,000)	0	110,066,099	4.7%	4.2%
FY2002-03	110,066,099	66,476,446	0	(87,400,000)	(30,000,000)	59,142,545	2.4%	2.3%
FY2003-04	59,142,545	59,463,461	0	(61,577,669)	30,000,000	87,028,337	3.2%	3.4%
FY2004-05	87,028,337	8,170,556	108,727,007	(26,758,180)	0	177,167,720	5.8%	6.5%
FY2005-06	177,167,720	0	261,715,297	(165,266,227)	0	273,616,790	8.2%	9.4%
FY2006-07	273,616,790	0	259,929,524	(17,458,523)	0	516,087,791	15.1%	16.5%
FY2007-08	516,087,791	0	191,436,773	(161,978,767)	0	545,545,797	15.6%	16.8%
FY2008-09	545,545,797	0	116,976,571	(84,330,505)	0	578,191,863	17.2%	17.4%
FY2009-10	578,191,863	0	0	(110,990,237)	0	467,201,626	14.6%	14.1%
FY2010-11	467,201,626	0	0	(154,000,000)	0	313,201,626	8.9%	9.4%
FY2011-12	313,201,626	8,422,528	145,155,092	(33,439,198)	(4,461,676)	428,878,372	11.6%	12.4%
FY2012-13	428,878,372	0	104,789,781	(154,008,427)	4,461,676	384,121,402	9.5%	10.7%
FY2013-14	384,121,402	0	285,292,610	49,651,294	0	719,065,306	17.5%	18.7%
FY2014-15	719,065,306	0	96,721,232	(87,951,112)	0	727,835,426	16.9%	18.1%
FY2015-16	727,835,426	0	84,599,532	(81,779,850)	0	730,655,108	17.0%	17.4%
FY2016-17	730,655,108	0	0	(50,000,000)	0	680,655,108	16.0%	15.7%
FY2017-18	680,655,108	265,729	0	(340,930,772)	0	339,990,065	7.4%	7.8%
FY2018-19	339,990,065	0	61,995,773	(68,436,714)	0	333,549,124	6.8%	7.6%
FY2019-20	333,549,124	0	176,378,178	(83,619,600)	0	426,307,702	8.6%	9.2%
FY2020-21	426,307,702	0	10,655,528	30,000,972	0	466,964,202	7.8%	10.3%
FY2021-22	466,964,202	0	535,259,366	(74,700,000)	0	927,523,568	14.6%	19.9%
FY2022-23	927,523,568	0	1,287,998,995	(577,670,000)	0	1,637,852,563	25.7%	31.8%
FY2023-24	1,637,852,563	0	2,982,492	(728,017,580)	0	912,817,475	12.8%	17.2%
FY2024-25 Est	912,817,475	0	38,746,104	(49,383,800)	0	902,179,779	15.3%	16.5%
FY2025-26 Est	902,179,779	0	0	(50,000,000)	0	852,179,779	13.4%	15.3%
FY2026-27 Est	852,179,779	0	0	(50,000,000)	0	802,179,779	12.8%	14.1%

(1) Automatic transfers reflect the prior year variance from forecast. For example, the \$84.6 million transfer in FY15-16 actually reflects FY14-15 "excess" receipts compared to the certified forecast. Prior to FY95-96 the transfers occurred in all cases. After FY95-96 transfers only occurred if receipts were above forecast.

(2) Legislative transfers are enacted by legislation and include transfers to the General Fund or other funds.

Projected Budget – FY26/FY27 Following Biennium

For the “following biennium” (FY2025-26 and FY2026-27), the mainline budget numbers reflect the annualized impact of the current budget actions plus an estimate of future year increases in entitlement programs, salary and health insurance increases, and other funding requirements that are normally not optional. Obviously, the actual funding needs in these areas will not be known until the biennial budget process starts again. However, for planning purposes, some level of funding for these items must be acknowledged and shown as likely funding commitments.

Table 5 Projected Appropriations Increases-Following Biennium
(includes on-going impact of 2024 budget actions)

Dollar Changes from FY25 Base Yr	Annual % Change			Following Biennium (Biennial Basis)		
	FY2025-26	FY2026-27	Two Yr Ave	FY2025-26	FY2026-27	Two Yr Total
AID TO LOCAL GOVT						
Aid to K-12 Schools (TEEOSA GF only)	-1.00%	1.07%	0.04%	(10,075,978)	611,434	(9,464,544)
Special Education	1.10%	1.10%	1.10%	2,592,969	5,214,461	7,807,430
Community Colleges	2.00%	2.00%	2.00%	2,282,334	4,610,315	6,892,649
Homestead Exemption	6.00%	6.00%	6.00%	8,940,000	18,416,400	27,356,400
All Other (Aid-Local)	--	--	--	(3,000,000)	(3,000,000)	(6,000,000)
AID TO INDIVIDUALS						
Medicaid	2.03%	2.03%	2.03%	20,546,729	41,504,392	62,051,121
Public Assistance	0.00%	1.00%	0.50%	0	763,801	763,801
Child Welfare Aid	6.98%	2.00%	4.49%	12,756,258	16,666,518	29,422,776
Developmental Disability aid	2.00%	2.00%	2.00%	3,951,344	7,981,714	11,933,058
Behavioral Health aid	3.83%	3.51%	3.67%	2,686,333	5,241,796	7,928,129
Children's Health Insurance (SCHIP)	2.38%	2.37%	2.38%	624,926	1,262,350	1,887,276
All Other (Aid-Ind)	--	--	--	(1,925)	(1,925)	(3,850)
AGENCY OPERATIONS						
Employee Salaries (agencies)	3.00%	3.00%	3.00%	25,404,867	51,571,879	76,976,746
Employee Health Insurance (agencies)	4.00%	4.00%	4.00%	4,440,454	9,058,525	13,498,979
University/Colleges increased funding	2.24%	2.26%	2.25%	16,395,194	33,302,365	49,697,559
Operations increase (all agencies)	3.00%	3.00%	3.00%	5,196,454	10,548,801	15,745,254
Staffing / population costs / medical (Corrections)	2.00%	2.00%	2.00%	3,722,530	7,445,060	11,167,590
Retirement (Schools, Patrol, Judges)	--	--	--	(3,628,134)	2,100,000	(1,528,134)
All Other (Oper)	--	--	--	999,500	11,015,136	12,014,636
CONSTRUCTION	--	--	--	14,140,896	0	14,140,896
TOTAL GENERAL FUND (Biennial Basis)	2.07%	1.89%	2.09%	107,974,749	224,313,023	332,287,772

FY2024-25 Base Appropriation **5,454,964,128 5,454,964,128**

Projected Appropriation per Financial Status **5,562,938,878 5,679,277,151**

The following table shows the February 2024 Nebraska Economic Forecasting Advisory Board forecast for FY2023-24 and FY2024-25, along with the LFO preliminary estimates for FY2025-26 and FY2026-27, which are based on the average of the four forecasts prepared for those fiscal years by LFO and Nebraska Department of Revenue. The table also includes adjustments for the impact on net receipts of legislation enacted in the 2024 legislative session. Table 7 shows the total adjustments by bill and type of tax.

Table 6 Projected Revenue-Following Biennium and Adjustment for 2024 Revenue Legislation

	NEFAB FY2023-24	NEFAB FY2024-25	LFO FY2025-26	LFO FY2026-27
<u>Forecast - Feb 2024</u>				
Sales and Use Tax	2,500,000,000	2,600,000,000	2,658,679,000	2,763,256,000
Individual Income Tax	2,800,000,000	2,230,000,000	2,959,377,000	2,794,599,000
Corporate Income Tax	1,400,000,000	740,000,000	515,698,000	497,574,000
Miscellaneous receipts	320,000,000	270,000,000	226,136,000	211,703,000
Total General Fund Revenues (NEFAB Feb 2024)	7,020,000,000	5,840,000,000	6,359,890,000	6,267,132,000
<u>2024 Session Legislation</u>				
Sales and Use Tax	0	(1,096,333)	(2,212,000)	(2,423,450)
Individual Income Tax	0	(396,000)	(11,294,750)	(19,080,750)
Corporate Income Tax	0	(398,000)	3,284,750	(827,250)
Miscellaneous receipts	146,416,542	50,769,248	(548,468)	(521,468)
Total 2024 Session Legislation	146,416,542	48,878,915	(10,770,468)	(22,852,918)
<u>Total GF Revenues – Sine Die 2024</u>				
Sales and Use Tax	2,500,000,000	2,598,903,667	2,656,467,000	2,760,832,550
Individual Income Tax	2,800,000,000	2,229,604,000	2,948,082,250	2,775,518,250
Corporate Income Tax	1,400,000,000	739,602,000	518,982,750	496,746,750
Miscellaneous receipts	466,416,542	320,769,248	225,587,532	211,181,532
Total General Fund Revenues	7,166,416,542	5,888,878,915	6,349,119,532	6,244,279,082

Table 7 Adjustments for 2024 Revenue Legislation by Bill and Type of Tax

	FY2023-24	FY2024-25	FY2025-26	FY2026-27	Type
LB 287-Change election and Open Meetings Act	0	(1,011,468)	(1,011,468)	(1,011,468)	Misc
LB 685-Change amusement device fees	0	404,000	463,000	490,000	Misc
LB 937-Change income tax credits	0	(688,000)	(1,183,000)	(1,343,000)	Sales
LB 937-Change income tax credits	0	(375,000)	(4,125,000)	(5,625,000)	Ind
LB 937-Change income tax credits	0	(125,000)	(1,375,000)	(1,875,000)	Corp
LB 1023-Provide for deductions expenditures	0	(10,470,000)	(30,289,000)	(34,327,500)	Ind
LB 1023-Provide for deductions expenditures	0	0	(1,250,000)	(4,351,500)	Corp
LB 1197-Change Sports Arena Facility Financing	0	indeterminate, but could be up to \$20 mil/yr			Sales
LB 1317-Change tax provisions	0	(408,333)	(1,029,000)	(1,080,450)	Sales
LB 1317-Change tax provisions	0	12,093,000	7,275,250	6,387,750	Ind
LB 1317-Change tax provisions	0	(48,000)	(115,250)	(100,750)	Corp
LB 1344-Change NE Innovation Hub Act	0	(675,000)	(675,000)	(2,250,000)	Ind
LB 1344-Change NE Innovation Hub Act	0	(225,000)	(225,000)	(750,000)	Corp
LB 1394-Exempt National Guard income from tax	0	(969,000)	(2,231,000)	(2,016,000)	Ind
LB 1402-Change Opportunity Scholarships	0	0	18,750,000	18,750,000	Ind
LB 1402-Change Opportunity Scholarships	0	0	6,250,000	6,250,000	Corp
Total - Revenue Bills	0	(2,497,801)	(10,770,468)	(22,852,918)	
Cash Fund Transfers In - Budget bills	146,416,542	51,376,716	0	0	Misc
Total Revenue Bills to add to forecast	146,416,542	48,878,915	(10,770,468)	(22,852,918)	
LB 1329-Change Career Scholarship Act	0	(525,000)	0	0	Tr.
Subtotal - GF Transfers Out	0	(525,000)	0	0	
Total - All Revenue Legislation	146,416,542	48,353,915	(10,770,468)	(22,852,918)	
2024 Bills by Type of Tax					
Sales/Use Tax	0	(1,096,333)	(2,212,000)	(2,423,450)	Sales
Individual Income Tax	0	(396,000)	(11,294,750)	(19,080,750)	Ind
Corporate Income Tax	0	(398,000)	3,284,750	(827,250)	Corp
Miscellaneous Tax	146,416,542	50,769,248	(548,468)	(521,468)	Misc
Total Revenue Bills to add to forecast	146,416,542	48,878,915	(10,770,468)	(22,852,918)	Total

Appendix A

Statutory Required Meetings

Section 77-2715.01 relates to the Legislature setting the sales and income tax rates and creates the Tax Rate Review Committee and its duties and responsibilities

“(1)(a) Commencing in 1987 the Legislature shall set the rates for the income tax imposed by section 77-2715 and the rate of the sales tax imposed by subsection (1) of section 77-2703. For taxable years beginning or deemed to begin before January 1, 2013, the rate of the income tax set by the Legislature shall be considered the primary rate for establishing the tax rate schedules used to compute the tax.

(b) The Legislature shall set the rates of the sales tax and income tax so that the estimated funds available plus estimated receipts from the sales, use, income, and franchise taxes will be not less than three percent nor more than seven percent in excess of the appropriations and express obligations for the biennium for which the appropriations are made. The purpose of this subdivision is to insure that there shall be maintained in the state treasury an adequate General Fund balance, considering cash flow, to meet the appropriations and express obligations of the state.

(c) For purposes of this section, express obligation shall mean an obligation which has fiscal impact identifiable by a sum certain or by an established percentage or other determinative factor or factors.

2) The Speaker of the Legislature and the chairpersons of the Legislature's Executive Board, Revenue Committee, and Appropriations Committee shall constitute a committee to be known as the Tax Rate Review Committee. The Tax Rate Review Committee shall meet with the Tax Commissioner within ten days after July 15 and November 15 of each year and shall determine whether the rates for sales tax and income tax should be changed. In making such determination the committee shall recalculate the requirements pursuant to the formula set forth in subsection (1) of this section, taking into consideration the appropriations and express obligations for any session, all miscellaneous claims, deficiency bills, and all emergency appropriations. The committee shall prepare an annual report of its determinations under this section. The committee shall submit such report electronically to the Legislature and shall append the tax expenditure report required under section 77-382 and the revenue volatility report required under section 50-419.02.

In the event it is determined by a majority vote of the committee that the rates must be changed as a result of a regular or special session or as a result of a change in the Internal Revenue Code of 1986 and amendments thereto, other provisions of the laws of the United States relating to federal income taxes, and the rules and regulations issued under such laws, the committee shall petition the Governor to call a special session of the Legislature to make whatever rate changes may be necessary.”

Annual Report

LB962 enacted in the 2012 legislative session included a requirement that the Tax Rate Review Committee prepare an **annual** report of its determinations. As the Tax Rate Review Committee meets twice each year, for purposes of this provision the annual report will be prepared after the required November meeting.

REVENUE VOLATILITY REPORT

November 2024

Report Requirement

Nebraska Revised Statute 50-419.02.

Legislative Fiscal Analyst; revenue volatility report; contents

(1) On November 15, 2016, the Legislative Fiscal Analyst shall prepare and electronically submit a revenue volatility report to the Appropriations Committee of the Legislature. Every two years thereafter the Legislative Fiscal Analyst shall prepare a revenue volatility report to append to the annual report required under section 77-2715.01. The report shall also be posted on the Legislature's web site.

Introduction

Examining revenue volatility as it pertains to Nebraska's General Fund revenue stream could be approached several different ways, such as year over year change in relation to change in some other benchmark, such as change in personal income, wages and salaries or agricultural income—which would fundamentally be an examination of driver variables to a revenue forecasting effort.

Another approach could attempt to disaggregate year over year change in revenue into other components such as changes driven by law (rate and base changes) at the state and federal level as distinguished from an assessment of natural growth due to economic (as noted above), and demographic (population) changes.

However, when viewing the statutory direction for this report, the focus is on assessing the role of the Cash Reserve fund to meet changing conditions for General Fund revenue and budget stability. Specifically, the statute states (emphasis added):

“(2) The report shall:

- (a) Evaluate the tax base and the tax revenue volatility of revenue streams that provide funding for the state General Fund budget;
- b) Identify federal funding included in the state budget and any projected changes in the amount or value of federal funding or potential areas in which federal funding could be lost;
- (c) Identify current and projected balances of the Cash Reserve Fund;*
- (d) Analyze the adequacy of current and projected balances of the Cash Reserve Fund in relation to the tax revenue volatility and the risk of a reduction in the amount or value of federal funding or potential areas in which federal funding could be lost;*
- (e) Include revenue projections for the ensuing two fiscal years included in the impending biennial budget; and
- (f) Contain any other recommendations that the Legislative Fiscal Analyst determines are necessary.”

The emphasis on interaction with the Cash Reserve Fund thus becomes the focus of this report. What follows will address each of these items as set forth in the law.

Section 1: Evaluate the tax base and the tax revenue volatility of revenue streams that provide funding for the state General Fund budget

Volatility, in part, is defined as characteristic of rapid or unexpected change. Unexpected change can be thought of as results at variance to expectations, and in this specific context, revenue results at variance to expectations (forecasts). Any variability can translate into financial stress (revenue underperforms), or opportunity (revenue exceeds expectations).

Nebraska's state budget process has a useful benchmark in evaluating stress or opportunity—revenue estimates in place for the next fiscal year are defined as a “certified estimate” a determination of the Tax Commissioner and the Legislative Fiscal Analyst. The certified estimate is the sum of the most recent official forecast for the General Fund prior to the end of the legislative session, plus or minus legislation enacted, (state and federal) that would add or subtract to that forecast. Practically speaking, when budget decisions are made during a session, revenue estimates used to balance are generated about 14 months prior to the end of the fiscal year. Since forecasts and the budget process is a multi-year exercise, any certified forecast is a baseline for subsequent years, and actual results drive periodic forecast revisions that flow forward into the next year or biennium providing the baseline for the next certification for a new fiscal year.

Table 1 displays revenue results for the years listed, as compared to “certified” or “budget based” estimates, actual net receipts and variances.

Most revealing is the clustering of errors, a series of underestimates, followed by a grouping of over estimates. These serial events correlations illustrate how year to year revenue forecasts tend to not rapidly adjust to inflection points (adjust to a changing trend), and perhaps, to some extent reflect a cyclical pattern. Though based on a limited number of observations, the consequence of the clustering and average errors of year ahead forecasts provide useful insights for assessing volatility in the state revenue stream.

In simplest terms, if average errors of years where revenue exceeds forecast are at or above 4% (the “Above Forecast” column) and likewise, negative errors have averaged around 4% (the “Below Forecast” column), it becomes clear that saving excesses in the former case could offset revenue shortages in the latter case. This -4% variability multiplied by the number of years in a below forecast revenue cycle could translate into a dollar amount for a desirable objective to reach as the state enters into the early stages of the revenue shortfall cycle.

Since 1990-91 there have been two cycles of persistent negative forecast errors of four years, one cycle of three years and one cycle of two years which though shorter in time was deeper in terms of the percentage error in each of the two years.

The last six fiscal years with actual data have been positive forecast error. During the COVID-19 pandemic, FY2020-21 and FY2021-22, were outliers in regard to the magnitude of the error. This trend in terms of the magnitude of the error could be seen in other states as well due to extraordinary circumstances related to the COVID-19 pandemic stimulus from the federal government and resulting economic conditions. If these two years are excluded from calculations, the 30-year average for positive

forecast error is 4.8%, rather than 7.1% if FY2020-21 and FY2021-22 are included. FY2022-23 and FY2023-24 resulted in positive forecast error of 9.24% and 11.16%, respectively.

Assuming the risk is a revenue decline averaging 4% per year, a Cash Reserve Fund balance of at least 12% to 16% of projected revenue is a desirable objective assuming a three-year or four-year negative forecast cycle. The current Cash Reserve Fund balance is estimated for FY2024-25 to be within this range, at 13.8%. The balance was 12.8% of revenues in FY2023-24.

Table 1 Actual vs. Projected General Fund Revenues

Fiscal Year	Type	Forecast	Actual	Variance from Forecast		Abs Value	Below	Above	
		1 Yr Prior	Receipts	Dollar	Pct	of Error	Forecast	Forecast	
FY1984-85	Total	834,300	783,351	(50,949)	-6.11%	6.11%	-6.11%		
FY1985-86	Total	903,100	834,236	(68,864)	-7.63%	7.63%	-7.63%		
FY1986-87	Total	878,121	886,354	8,233	0.94%	0.94%		0.94%	
FY1987-88	Total	924,000	1,016,098	92,098	9.97%	9.97%		9.97%	
FY1988-89	Total	988,437	1,133,447	145,010	14.67%	14.67%		14.67%	
FY1989-90	Total	1,110,883	1,152,709	41,826	3.77%	3.77%		3.77%	
FY1990-91	Total	1,334,600	1,367,078	32,478	2.43%	2.43%		2.43%	
FY1991-92	Total	1,493,227	1,490,409	(2,818)	-0.19%	0.19%	-0.19%		
FY1992-93	Total	1,537,987	1,524,662	(13,325)	-0.87%	0.87%	-0.87%		
FY1993-94	Total	1,662,548	1,653,753	(8,795)	-0.53%	0.53%	-0.53%		
FY1994-95	Total	1,729,901	1,705,490	(24,411)	-1.41%	1.41%	-1.41%		
FY1995-96	Total	1,834,289	1,836,731	2,442	0.13%	0.13%		0.13%	
FY1996-97	Total	1,917,984	2,009,604	91,620	4.78%	4.78%		4.78%	
FY1997-98	Total	1,993,835	2,105,451	111,616	5.60%	5.60%		5.60%	
FY1998-99	Total	2,102,910	2,123,837	20,927	1.00%	1.00%		1.00%	
FY1999-00	Total	2,326,348	2,403,924	77,576	3.33%	3.33%		3.33%	
FY2000-01	Total	2,480,701	2,456,862	(23,839)	-0.96%	0.96%	-0.96%		
FY2001-02	Total	2,631,848	2,365,509	(266,339)	-10.12%	10.12%	-10.12%		
FY2002-03	Total	2,723,377	2,456,400	(266,977)	-9.80%	9.80%	-9.80%		
FY2003-04	Total	2,731,975	2,718,726	(13,249)	-0.48%	0.48%	-0.48%		
FY2004-05	Total	2,775,479	3,037,194	261,715	9.43%	9.43%		9.43%	
FY2005-06	Total	3,092,258	3,352,188	259,930	8.41%	8.41%		8.41%	
FY2006-07	Total	3,216,895	3,408,331	191,436	5.95%	5.95%		5.95%	
FY2007-08	Total	3,389,186	3,506,163	116,977	3.45%	3.45%		3.45%	
FY2008-09	Total	3,531,746	3,357,468	(174,278)	-4.93%	4.93%	-4.93%		
FY2009-10	Total	3,446,675	3,204,680	(241,995)	-7.02%	7.02%	-7.02%		
FY2010-11	Total	3,421,459	3,499,655	78,196	2.29%	2.29%		2.29%	
FY2011-12	Total	3,591,099	3,695,888	104,789	2.92%	2.92%		2.92%	
FY2012-13	Total	3,767,066	4,052,358	285,292	7.57%	7.57%		7.57%	
FY2013-14	Total	4,020,687	4,117,408	96,721	2.41%	2.41%		2.41%	
FY2014-15	Total	4,220,500	4,305,100	84,600	2.00%	2.00%		2.00%	
FY2015-16	Total	4,473,856	4,307,981	(165,875)	-3.71%	3.71%	-3.71%		
FY2016-17	Total	4,567,238	4,265,771	(301,467)	-6.60%	6.60%	-6.60%		
FY2017-18	Total	4,605,427	4,566,995	(38,432)	-0.83%	0.83%	-0.83%		
FY2018-19	Total	4,730,734	4,896,378	165,644	3.50%	3.50%		3.50%	
FY2019-20	Total	4,929,107	4,939,763	10,656	0.22%	0.22%		0.22%	
FY2020-21	Total	5,000,589	5,959,042	958,453	19.17%	19.17%		19.17%	
FY2021-22	Total	4,879,610	6,348,995	1,469,385	30.11%	30.11%		30.11%	
FY2022-23	Total	5,829,375	6,367,990	538,615	9.24%	9.24%		9.24%	
FY2023-24	Total	6,437,126	7,155,811	718,685	11.16%	11.16%		11.16%	
Average (FY94 to FY24, 30 yr)						3.88%	0.00%	-4.6%	7.1%
Standard Deviation (FY94 to FY24, 30 yr)						7.92%	6.09%	3.5%	3.6%

Additional tables showing net receipts for the four major tax types can be found in the appendix. Though each have their own respective patterns of error, generally there is congruence with the overall total net receipt pattern discussed in this section.

Section 2: Identify federal funding included in the state budget and any projected changes in the amount or value of federal funding or potential areas in which federal funding could be lost

Table 2 summarizes federal fund expenditures for FY2013-14 and FY2023-24 by functional categories and by agency/functional category description.

Each segment of the table is sorted from largest to smallest expenditure volume. By far, the largest function/agency is Human Resources/DHHS (Health and Human Services System), which primarily is comprised of Medicaid expenditures.

Medicaid is a state federal partnership where the fund mix between the two is largely driven by the FMAP, which is the calculated ratio of cost share between a state and the federal government. The formula is driven by average personal income growth in a state in relation to other states, with the end result being that if a state's personal income performs better in relation to that of other states, then that state will see a decreasing cost share from the federal program. Though not the only driver of volatility, (medical cost factors, eligibility and participation rates are relevant), changes in the FMAP are very significant. Fortunately, means exist to project such changes in advance of finalizing budgets, thus adjustments can usually be readily made.

Higher Education/University segments are primarily Pell Grants and direct grants for research. K-12 Education/Dept. of Education are primarily pass-through programs, flowing to local school districts. In the past three fiscal years, significant funds were also received at both K-12 and post-secondary levels pursuant to Elementary and Secondary School Emergency Relief Funds, Higher Education Emergency Relief Funds, and other distributions in the CARES Act, Consolidated Appropriations Act of Dec. 2020, and American Rescue Plan Act (ARPA). Most of these funds were distributed to the educational institution directly. Disruptions in federal funding flows would be felt at that level.

In the previous three fiscal years, COVID-19 relief funds pursuant to the CARES Act, Consolidated Appropriations Act of Dec. 2020, and American Rescue Plan Act (ARPA) increased the amount of federal funding into the state. Pursuant to the CARES Act, the state received \$1.084 billion in Coronavirus Relief Fund monies, of which \$1.083 billion was expended. The state also received \$1.040 billion Coronavirus State Fiscal Recovery Funds pursuant to ARPA. These funds were largely targeted to industries that suffered harm as a result of the COVID-19 pandemic or costs directly associated with the pandemic. A portion of this funding offset state agency General Fund expenditures for incurred costs related to COVID and personnel expenses. Additional funding (excluding CRF or CSFRF monies) received pursuant to the federal COVID relief bills, including an enhanced FMAP during the federal public health emergency, also offset General Fund expenditures.

As a result, federal expenditures for FY2023-24 reflected in Table 2 on page 5, are larger in certain agencies (e.g. DHHS, Education), or were expended in different agencies (e.g. Department of Economic Development or Military Dept.) as a result of the allocation of this funding.

Beyond the largest categories of human services and education, the size of federal flows drop off significantly. Note that federal funds flowing to the Department of Transportation are classified as Cash Funds, since deposits are made to the state fund supporting roads operations and construction, thus, under current law the connection to the General Fund is much more remote than some other federal funding flows.

The degree of connection to the General Fund budget thus would seem to be greatest with the Human Resources classification of federal funds, primarily Medicaid, which accounts for more than half of all federal funds. For instance, after several years of an increasing FMAP by the federal government, in the upcoming federal fiscal years, the matching percentage for the state is declining, requiring additional General Funds to provide services.

The remainder, except for some of the smaller categories, would seem to be somewhat more remotely connected. The fundamental question would then seem to be, in the event of federal fund reductions, to what extent is the state obligated or inclined to pick up the additional cost with state resources. In the case of Medicaid, the cost share structure supersedes that choice. In the case of other categories, past experience has shown that this decision becomes a case-by-case decision as a part of the annual budget process. Questions as to whether or not to adjust K-12 school aid via the school aid formula would have to be addressed; or policy decisions would have to be made whether an expanded role for state funded research or broadened involvement in student financial assistance in the higher education area, all in response to diminished federal financial support.

In terms of ongoing federal grant programs, the risk of reductions cannot be judged at this time. All will be subject to future actions by the federal government.

Table 2 Nebraska State Agencies – Federal Fund Expenditures by Functional Area

Function	Fund	FY2013-14	FY2023-24	% of Total FY2023-24	Avg Annual % Change
Human Resources	Federal	1,544,405,334	3,587,853,227	64.85%	8.79%
Higher Education	Federal	506,330,897	625,860,812	11.31%	2.14%
K-12 Education	Federal	332,503,281	700,457,946	12.66%	7.74%
Public Safety	Federal	59,840,647	222,107,990	4.01%	14.01%
Natural Resources	Federal	47,708,059	106,452,553	1.92%	8.36%
Gen Govt	Federal	19,736,641	138,380,804	2.50%	21.50%
Criminal Justice	Federal	14,047,301	32,248,202	0.58%	8.67%
Construction	Federal	24,840,866	51,749,727	0.94%	7.62%
Misc Education	Federal	2,024,843	1,842,149	0.03%	-0.94%
State Total	Federal	2,561,999,206	5,532,510,105	100.00%	8.00%

Table 3 Nebraska State Agencies – Federal Fund Expenditures by Agency

Agency	Function	FY2013-14	FY2023-24	% of Total FY2023-24	Avg Annual % Change
HHS System	Human Resources	1,506,024,609	3,516,621,938	63.56%	8.85%
Education	K-12 Education	332,503,281	700,457,946	12.66%	7.74%
University of Nebraska	Higher Education	461,637,745	581,795,751	10.52%	2.34%
Military Dept	Public Safety	59,840,647	222,107,990	4.01%	14.01%
Economic Development	Gen Govt	19,736,641	138,380,804	2.50%	21.50%
Environment and Energy	Natural Resources	36,034,283	79,639,662	1.44%	8.25%
Capital Construction	Construction	24,840,866	51,749,727	0.94%	7.62%
Labor	Human Resources	34,303,568	45,723,597	0.83%	2.92%
State Colleges	Higher Education	44,693,152	44,065,061	0.80%	-0.14%
Veterans Affairs	Human Resources	0	20,603,591	0.37%	
State Patrol	Criminal Justice	6,095,411	15,785,393	0.29%	9.98%
Crime Commission	Criminal Justice	6,476,522	13,290,644	0.24%	7.45%
Natural Resources	Natural Resources	537,385	10,981,988	0.20%	35.22%
Game & Parks	Natural Resources	7,444,534	9,115,080	0.16%	2.05%
Agriculture	Natural Resources	3,691,857	6,715,823	0.12%	6.17%
Blind/Visually Impaired	Human Resources	4,077,157	4,904,101	0.09%	1.86%
Correctional Services	Criminal Justice	1,475,368	3,172,164	0.06%	7.96%
Library Commission	Misc Education	2,024,843	1,842,149	0.03%	-0.94%
All Other		10,561,337	65,556,694	1.18%	20.03%
State Total		2,561,999,206	5,532,510,105	100.00%	8.00%

Section 3. Identify current and projected balances of the Cash Reserve Fund

Table 4 depicts the projected flow by fiscal year for the Cash Reserve Fund as set forth in current law.

Table 5 itemizes fund balances and transaction summaries in and out of the fund since its inception. This table also includes the ending balance as a percent of revenue for the fiscal year shown. Note that the suggestion in the first section of this report that a guideline balance of 16% has only been approached in the last fifteen years.

Since inception and through the early years of the fund, the ending balance had been sustained at levels well below 10%. However, inspection of Table 1 clearly shows forecast errors in the early 90's were generally smaller, perhaps influencing the perceived need for an appropriate fund balance. As errors in estimates became larger in the early 2000's, cash reserve balances began to grow as a percentage of revenue, reaching 17.2% upon early stages of the "Great Recession" beginning around 2009. Since that time, there have been two subsequent periods of budget shortfall requiring drawdowns of the Cash Reserve Fund, in the aftermath of the "Great Recession" and again in FY2017-18 and FY2018-19, which also followed a period of negative forecast error. Balances as a percentage of revenue steadily increased since FY2018-19 to reach an all-time high of 25.7% of revenues in FY2022-23.

Due to a net usage of funds from the Cash Reserve Fund in FY2023-24 of \$725 million, the balance was reduced to 12.8% of annual General Fund revenues, with an estimated balance of 13.8% of revenues for the current fiscal year. Based on anticipated future transfers, the balance declines to 6.1% of estimated revenues in FY2028-29. Funds from the Cash Reserve Fund have largely been used for one-time projects or programs, rather than to supplement the General Fund since the revenue shortfall in FY2017-18/FY2018-19.

Table 4 Cash Reserve Fund

CASH RESERVE FUND	FY2022-23	FY2023-24	Estimated FY2024-25	Estimated FY2025-26	Estimated FY2026-27	Estimated FY2027-28	Estimated FY2028-29
Beginning Balance	927,523,568	1,637,852,563	912,817,475	877,179,779	817,179,779	567,179,779	517,179,779
Excess of certified forecasts (line 3 in Status)	1,287,998,995	2,982,492	38,746,104	0	0	0	0
To/from Gen Fund Current Law	40,000,000	440,000,000	(4,000,000)	0	(200,000,000)	0	0
To Nebr Capital Construction Fund (NCCF)	(216,120,000)	(166,673,580)	(29,458,800)	0	0	0	0
To Gov Emerg Fund (LB 3 - 2024 Spec Session)	0	0	(25,000,000)	(10,000,000)	0	0	0
To University Next project (LB1107-2020)	0	0	0	(50,000,000)	(50,000,000)	(50,000,000)	(50,000,000)
To Perkins County Canal Fund	(53,500,000)	(574,500,000)	0	0	0	0	0
To Jobs & Econ Develop Initiative	0	(52,000,000)	0	0	0	0	0
To Nebr Rural Projects Act	(50,000,000)	0	0	0	0	0	0
To Trail Develop/Improve Fund	(8,300,000)	0	0	0	0	0	0
To Rural Workforce Housing fund	(30,000,000)	0	0	0	0	0	0
To Surface Water Irrigation Fund	(50,000,000)	0	0	0	0	0	0
To Intern Nebraska Cash Fund	(20,000,000)	0	0	0	0	0	0
To Site & Building Fund	(20,000,000)	(2,000,000)	0	0	0	0	0
To Military Base Development fund	(30,000,000)	0	0	0	0	0	0
To Middle Income Housing fund	(20,000,000)	0	0	0	0	0	0
To Roads Operations Cash Fund	(100,000,000)	0	0	0	0	0	0
To State Indemnification Revolving Fund	(18,750,000)	0	0	0	0	0	0
From Gov Emergency Fund	0	15,841,000	0	0	0	0	0
To Econ Recovery Contingency	0	(240,000,000)	0	0	0	0	0
To Shovel Ready Capital Recovery Fund	0	(70,000,000)	0	0	0	0	0
To Critical Infrastructure Facilities Fund	0	(10,000,000)	0	0	0	0	0
To Economic Development Cash Fund	0	(20,000,000)	0	0	0	0	0
To Public Safety Fund	0	(1,115,000)	0	0	0	0	0
To Accounting Division Revolving Fund	0	(1,100,000)	0	0	0	0	0
To Health and Human Services Cash	0	(11,320,000)	(3,500,000)	0	0	0	0
To Risk Loss Trust (State Colleges)	0	(3,000,000)	0	0	0	0	0
To Youth Outdoor Education Fund	0	(10,000,000)	0	0	0	0	0
To Public Safety Comm Systems Revolving Fund	0	(5,000,000)	(2,425,000)	0	0	0	0
To Materiel Division Revolving Fund	0	(2,500,000)	0	0	0	0	0
To State Building Revolving Fund	0	(1,400,000)	0	0	0	0	0
To Revitalize Rural Nebraska Fund (LB531-2023)	(1,000,000)	0	0	0	0	0	0
To State Insurance Fund	0	(3,250,000)	(5,000,000)	0	0	0	0
To School Safety and Security Fund (LB705-2023)	0	(10,000,000)	0	0	0	0	0
To Municipality Infrastructure Aid Fund (LB 600-2024)	0	0	(5,000,000)	0	0	0	0
Projected Unobligated Ending Balance	1,637,852,563	912,817,475	877,179,779	817,179,779	567,179,779	517,179,779	467,179,779
Ending Balance as % of Revenues	25.7%	12.8%	13.8%	11.8%	8.1%	7.1%	6.1%
Ending Balance as % of Expenditures	31.8%	17.2%	16.1%	14.7%	10.1%	8.9%	7.9%

Table 5 Cash Reserve Fund – Historical Balances

	Beginning Balance	Direct Deposit and Interest	Automatic Transfers (1)	Legislative Transfers (2)		Ending Balance	EB as % of revenues	EB as % of expend
				Gen Fund	Other Funds			
FY1983-84	0	37,046,760	na	0	0	37,046,760	4.7%	4.9%
FY1984-85	37,046,760	(1,472,551)	na	0	0	35,574,209	4.5%	4.4%
FY1985-86	35,574,209	227,855	na	(13,500,000)	0	22,302,064	2.7%	2.7%
FY1986-87	22,302,064	1,428,021	na	0	0	23,730,085	2.7%	2.8%
FY1987-88	23,730,085	1,654,844	na	0	(7,700,000)	17,684,929	1.7%	2.0%
FY1988-89	17,684,929	139,000	na	32,600,000	0	50,423,929	4.4%	5.1%
FY1989-90	50,423,929	113,114	na	(10,500,000)	0	40,037,043	3.5%	3.4%
FY1990-91	40,037,043	0	na	(8,100,000)	0	31,937,043	2.3%	2.3%
FY1991-92	31,937,043	0	na	(5,000,000)	0	26,937,043	1.8%	1.7%
FY1992-93	26,937,043	0	na	(9,500,000)	0	17,437,043	1.1%	1.1%
FY1993-94	17,437,043	0	3,063,462	7,250,000	0	27,750,505	1.7%	1.7%
FY1994-95	27,750,505	0	(8,518,701)	7,250,000	(6,000,000)	20,481,804	1.2%	1.2%
FY1995-96	20,481,804	0	(20,481,804)	18,189,565	0	18,189,565	1.0%	1.0%
FY1996-97	18,189,565	0	19,740,786	3,032,333	0	40,962,684	2.0%	2.2%
FY1997-98	40,962,684	0	91,621,018	0	0	132,583,702	6.3%	6.9%
FY1998-99	132,583,702	0	111,616,422	(96,500,000)	(2,000,000)	145,700,124	6.9%	6.5%
FY1999-00	145,700,124	0	20,959,305	3,500,000	(28,000,000)	142,159,429	5.9%	6.1%
FY2000-01	142,159,429	0	77,576,670	(24,500,000)	(25,000,000)	170,236,099	6.9%	6.9%
FY2001-02	170,236,099	0	0	(59,800,000)	(370,000)	110,066,099	4.7%	4.2%
FY2002-03	110,066,099	66,476,446	0	(87,400,000)	0	59,142,545	2.4%	2.3%
FY2003-04	59,142,545	59,463,461	0	(61,191,862)	(385,807)	87,028,337	3.2%	3.4%
FY2004-05	87,028,337	8,170,556	108,727,007	(26,000,000)	(758,180)	177,167,720	5.8%	6.5%
FY2005-06	177,167,720	0	261,715,297	0	(165,266,227)	273,616,790	8.2%	9.4%
FY2006-07	273,616,790	0	259,929,524	(15,674,107)	(1,784,416)	516,087,791	15.1%	16.5%
FY2007-08	516,087,791	0	191,436,773	(60,177,767)	(101,801,000)	545,545,797	15.6%	16.8%
FY2008-09	545,545,797	0	116,976,571	(54,990,505)	(29,340,000)	578,191,863	17.2%	17.4%
FY2009-10	578,191,863	0	0	(105,000,000)	(5,990,237)	467,201,626	14.6%	14.1%
FY2010-11	467,201,626	0	0	(154,000,000)	0	313,201,626	8.9%	9.4%
FY2011-12	313,201,626	8,422,528	145,155,092	(37,000,000)	3,560,802	428,878,372	11.6%	12.4%
FY2012-13	428,878,372	0	104,789,781	(78,000,000)	(76,008,427)	384,121,402	9.5%	10.7%
FY2013-14	384,121,402	0	285,292,610	49,400,000	251,294	719,065,306	17.5%	18.7%
FY2014-15	719,065,306	0	96,721,232	(67,701,112)	(20,250,000)	727,835,426	16.9%	18.1%
FY2015-16	727,835,426	0	84,599,532	0	(81,779,850)	730,655,108	17.0%	17.4%
FY2016-17	730,655,108	0	0	0	(50,000,000)	680,655,108	16.0%	15.7%
FY2017-18	680,655,108	265,729	0	(225,000,000)	(115,930,772)	339,990,065	7.4%	7.8%
FY2018-19	339,990,065	0	61,995,773	(48,000,000)	(20,436,714)	333,549,124	6.8%	7.6%
FY2019-20	333,549,124	0	176,378,178	0	(83,619,600)	426,307,702	8.6%	9.2%
FY2020-21	426,307,702	0	10,655,528	(30,000,000)	60,000,972	466,964,202	7.8%	10.3%
FY2021-22	466,964,202	0	535,259,366	50,000,000	(124,700,000)	927,523,568	14.6%	19.9%
FY2022-23	927,523,568	0	1,287,998,995	40,000,000	(617,670,000)	1,637,852,563	25.7%	31.8%
FY2023-24	1,637,852,563	0	2,982,492	440,000,000	(1,168,017,580)	912,817,475	12.8%	17.2%
FY2024-25 Est	912,817,475	0	38,746,104	(4,000,000)	(70,383,800)	877,179,779	13.8%	16.1%
FY2025-26 Est	877,179,779	0	0	0	(60,000,000)	817,179,779	11.8%	14.7%
FY2026-27 Est	817,179,779	0	0	(200,000,000)	(50,000,000)	567,179,779	8.1%	10.0%
FY2027-28 Est	567,179,779	0	0	0	(50,000,000)	517,179,779	7.1%	8.9%
FY2028-29 Est	517,179,779	0	0	0	(50,000,000)	467,179,779	6.1%	7.9%

Section 4. Analyze the adequacy of current and projected balances of the Cash Reserve Fund in relation to the tax revenue volatility and the risk of a reduction in the amount or value of federal funding or potential areas in which federal funding could be lost

Section 1 of this report identifies a level equivalent to about 12% to 16% of revenue in the fiscal year as a Cash Reserve Fund balance as coverage for the next cyclical downturn. This safety net would be intended to mitigate the need for budget reductions or revenue increases to reach short term balance.

During the 2009 regular, special, and 2010 regular session, \$259 million in cash reserve transfers were used to help balance General Fund budgets through that time period. When those transfers were authorized, the Cash Reserve Fund had a balance of about 15.6% of General Fund revenue, which was drawn down to approximately 9% in the following fiscal year. To replenish General Fund balances, spending reductions and one-time cash fund transfers during the 2009-2010 sessions played a significant role, as did almost \$600 million of federal assistance (that came in the form of general stabilization, education funding assistance, FMAP and child care enhancements) that directly offset General Fund costs.

Similarly, in FY2017-18 and FY2018-19, a budget shortfall due to lower than projected General Fund revenues led to transfers from the Cash Reserve Fund of \$273 million in that biennium. The resulting balance in the Cash Reserve Fund at the end of the biennium was 6.8% of General Fund revenues, its lowest since FY2004-05. Again, spending reductions and one-time cash fund transfers contributed to balancing the General Fund along with the authorized Cash Reserve Fund transfers. In the fiscal year prior, FY2016-17, the balance in the Cash Reserve Fund was equivalent to 16% of General Fund revenue that year, indicating that this level of reserve was adequate to supplement the General Fund for the two-year budget shortfall, even without the additional federal assistance seen in other time periods.

In the past three fiscal years, significant federal funds flowed into the state to address the disruption of COVID-19 on the state's economy. These funds were targeted to offset the economic and health care costs of the pandemic. See Section 2 for discussion. During this time period, transfers out of the Cash Reserve Fund were \$124.7 million in FY2021-22, \$617.67 million in FY2022-23, \$1.168 billion in FY2023-24. During that same three-year time period, in addition to the automatic transfers (totaling \$1.83 billion), \$530 million was legislatively transferred into the Cash Reserve Fund from the General Fund due to unprecedented revenue growth. Unlike during the "Great Recession," the transfers out were largely for one-time items and not for the purposes of balancing the General Fund budget. General Fund revenue was sufficient to meet budgetary obligations during that time period.

If federal assistance seems unlikely during future revenue shortfalls and/or recessions, then a Cash Reserve Fund balance of 16% of revenue may be inadequate when the state first enters a downward revenue cycle. Obviously, what cannot be determined is the depth and duration of revenue weakness that is unable to sustain a current law budget, which also will influence what may be adequate. Thereafter, the size of a draw down to help manage budget imbalances becomes discretionary to be judged along with other options to return to budget balance.

There appears to be no mechanism to reasonably anticipate future federal funding decisions that may alter inflows to the state, or anticipating a state response to such speculation, making any expectation of quantifying additional Cash Reserve fund balances as a safety net impractical.

Section 5. Include revenue projections for the ensuing two fiscal years included in the impending biennial budget

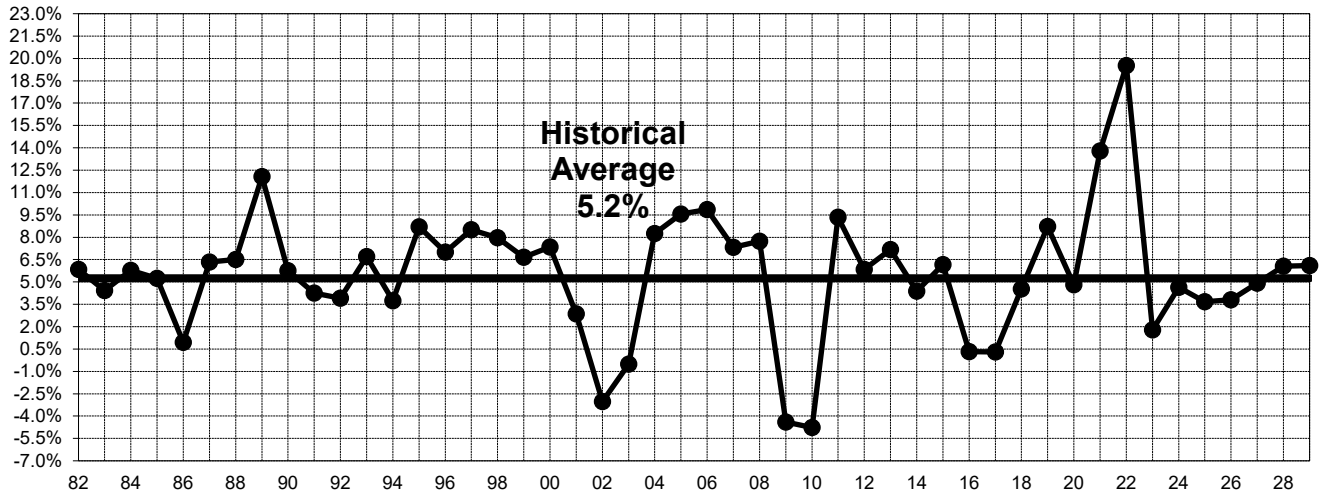
Current official General Fund forecasts have been set for FY2024-25, FY2025-26, and FY2026-27.

The revenue forecasts shown in Table 6 for the General Fund are the most current arrived at by the Nebraska Economic Forecasting Advisory Board on October 31, 2024. Revisions to the current and ensuing two fiscal years will occur in February and April 2025. After the end of this fiscal year the ensuing two fiscal years will be revised again in October 2025 and February 2026. After conclusion of FY2025-26, the last fiscal year will be revised again in October 2026, and February and April 2027. For context, a graph of prior year revenue growth and estimates for the current forecasts is included. Note that all percentage growth rates are adjusted for tax rate and base changes. This is a visual reminder of the cyclical nature of General Fund revenue growth over recent years.

Table 6 General Fund Revenue Forecasts

	NEFAB FY2024-25	NEFAB FY2025-26	NEFAB FY2026-27	LFO Prelim FY2027-28	LFO Prelim FY2028-29
<u>Actual/Forecast</u>					
Sales and Use Tax	2,500,000,000	2,600,000,000	2,700,000,000	2,921,706,000	3,152,299,000
Individual Income Tax	2,500,000,000	3,150,000,000	3,140,000,000	3,181,620,000	3,268,473,000
Corporate Income Tax	960,000,000	870,000,000	825,000,000	843,190,000	911,594,000
Miscellaneous receipts	375,000,000	330,000,000	300,000,000	312,224,000	340,942,000
Total General Fund Revenues	6,335,000,000	6,950,000,000	6,965,000,000	7,258,740,000	7,673,308,000
<u>Adjusted Growth</u>					
Sales and Use Tax	0.4%	3.9%	4.2%	7.9%	7.6%
Individual Income Tax	9.0%	8.0%	6.6%	5.1%	3.7%
Corporate Income Tax	-2.2%	-9.3%	1.5%	6.7%	10.3%
Miscellaneous receipts	-11.4%	-9.5%	-3.3%	-0.2%	16.9%
Total General Fund Revenues	3.7%	3.8%	4.9%	6.1%	6.1%
Two Yr Average	4.2%	--	4.4%	--	6.1%
Five Yr Average	8.6%	--	3.8%	--	4.9%

General Fund Revenue Growth
(Adjusted for Tax Rate and Base Changes)



Section 6. Contain any other recommendations that the Legislative Fiscal Analyst determines are necessary.

No recommendations at this time.

APPENDIX

Table 7 Actual vs. Projected Revenues – Sales Tax (millions of dollars)

Fiscal Year		Forecast 1 Yr Prior	Actual Receipts	Variance from Forecast		Abs Value of Error	Below	Above
				Dollar	Pct		Forecast	Forecast
FY1984-85	Sales	dna	300,534					
FY1985-86	Sales	dna	310,391					
FY1986-87	Sales	353,540	345,158	(8,382)	-2.37%	2.37%	-2.37%	
FY1987-88	Sales	370,000	393,149	23,149	6.26%	6.26%		6.26%
FY1988-89	Sales	400,000	430,078	30,078	7.52%	7.52%		7.52%
FY1989-90	Sales	449,981	444,231	(5,750)	-1.28%	1.28%	-1.28%	
FY1990-91	Sales	563,000	547,373	(15,627)	-2.78%	2.78%	-2.78%	
FY1991-92	Sales	605,305	592,442	(12,863)	-2.13%	2.13%	-2.13%	
FY1992-93	Sales	607,616	586,355	(21,261)	-3.50%	3.50%	-3.50%	
FY1993-94	Sales	666,458	648,847	(17,611)	-2.64%	2.64%	-2.64%	
FY1994-95	Sales	675,270	683,852	8,582	1.27%	1.27%		1.27%
FY1995-96	Sales	731,522	711,002	(20,520)	-2.81%	2.81%	-2.81%	
FY1996-97	Sales	756,697	755,908	(789)	-0.10%	0.10%	-0.10%	
FY1997-98	Sales	792,903	803,805	10,902	1.37%	1.37%		1.37%
FY1998-99	Sales	764,009	744,651	(19,358)	-2.53%	2.53%	-2.53%	
FY1999-00	Sales	887,759	900,427	12,668	1.43%	1.43%		1.43%
FY2000-01	Sales	940,400	905,023	(35,377)	-3.76%	3.76%	-3.76%	
FY2001-02	Sales	963,000	918,890	(44,110)	-4.58%	4.58%	-4.58%	
FY2002-03	Sales	1,043,145	1,028,931	(14,214)	-1.36%	1.36%	-1.36%	
FY2003-04	Sales	1,142,146	1,114,374	(27,772)	-2.43%	2.43%	-2.43%	
FY2004-05	Sales	1,172,491	1,231,011	58,520	4.99%	4.99%		4.99%
FY2005-06	Sales	1,251,982	1,263,679	11,697	0.93%	0.93%		0.93%
FY2006-07	Sales	1,266,446	1,303,826	37,380	2.95%	2.95%		2.95%
FY2007-08	Sales	1,293,053	1,321,867	28,814	2.23%	2.23%		2.23%
FY2008-09	Sales	1,358,932	1,326,161	(32,771)	-2.41%	2.41%	-2.41%	
FY2009-10	Sales	1,343,559	1,289,797	(53,762)	-4.00%	4.00%	-4.00%	
FY2010-11	Sales	1,365,000	1,372,784	7,784	0.57%	0.57%		0.57%
FY2011-12	Sales	1,424,967	1,436,909	11,942	0.84%	0.84%		0.84%
FY2012-13	Sales	1,479,906	1,474,943	(4,963)	-0.34%	0.34%	-0.34%	
FY2013-14	Sales	1,499,996	1,524,794	24,798	1.65%	1.65%		1.65%
FY2014-15	Sales	1,536,422	1,535,420	(1,002)	-0.07%	0.07%	-0.07%	
FY2015-16	Sales	1,614,273	1,528,023	(86,250)	-5.34%	5.34%	-5.34%	
FY2016-17	Sales	1,607,111	1,548,388	(58,723)	-3.65%	3.65%	-3.65%	
FY2017-18	Sales	1,625,000	1,602,737	(22,263)	-1.37%	1.37%	-1.37%	
FY2018-19	Sales	1,685,000	1,658,107	(26,893)	-1.60%	1.60%	-1.60%	
FY2019-20	Sales	1,750,000	1,848,236	98,236	5.61%	5.61%		5.61%
FY2020-21	Sales	1,765,000	2,009,748	244,748	13.87%	13.87%		13.87%
FY2021-22	Sales	1,992,687	2,133,152	140,465	7.05%	7.05%		7.05%
FY2022-23	Sales	2,348,598	2,335,900	(12,698)	-0.54%	0.54%	-0.54%	
FY2023-24	Sales	2,494,986	2,458,834	(36,152)	-1.45%	1.45%	-1.45%	
Average (FY94 to FY24, 30 yr)							-2.2%	3.9%
Standard Deviation (FY94 to FY24, 30 yr)							1.4%	2.3%

Table 8 Actual vs. Projected Revenues – Individual Income Tax (millions of dollars)

Fiscal Year		Forecast	Actual	Variance from Forecast		Abs Value	Below	Above
		1 Yr Prior	Receipts	Dollar	Pct	of Error	Forecast	Forecast
FY1984-85	Ind	dna	324,586					
FY1985-86	Ind	dna	357,181					
FY1986-87	Ind	340,000	365,762	25,762	7.58%	7.58%		7.58%
FY1987-88	Ind	380,000	437,742	57,742	15.20%	15.20%		15.20%
FY1988-89	Ind	417,773	479,732	61,959	14.83%	14.83%		14.83%
FY1989-90	Ind	467,812	501,134	33,322	7.12%	7.12%		7.12%
FY1990-91	Ind	590,900	609,431	18,531	3.14%	3.14%		3.14%
FY1991-92	Ind	652,878	658,634	5,756	0.88%	0.88%		0.88%
FY1992-93	Ind	688,000	690,351	2,351	0.34%	0.34%		0.34%
FY1993-94	Ind	738,000	722,361	(15,639)	-2.12%	2.12%	-2.12%	
FY1994-95	Ind	783,000	746,718	(36,282)	-4.63%	4.63%	-4.63%	
FY1995-96	Ind	825,189	846,547	21,358	2.59%	2.59%		2.59%
FY1996-97	Ind	863,000	944,117	81,117	9.40%	9.40%		9.40%
FY1997-98	Ind	895,272	981,644	86,372	9.65%	9.65%		9.65%
FY1998-99	Ind	1,028,363	1,078,523	50,160	4.88%	4.88%		4.88%
FY1999-00	Ind	1,130,000	1,180,363	50,363	4.46%	4.46%		4.46%
FY2000-01	Ind	1,229,295	1,233,364	4,069	0.33%	0.33%		0.33%
FY2001-02	Ind	1,339,309	1,159,811	(179,498)	-13.40%	13.40%	-13.40%	
FY2002-03	Ind	1,338,700	1,129,422	(209,278)	-15.63%	15.63%	-15.63%	
FY2003-04	Ind	1,307,056	1,249,890	(57,166)	-4.37%	4.37%	-4.37%	
FY2004-05	Ind	1,262,599	1,400,077	137,478	10.89%	10.89%		10.89%
FY2005-06	Ind	1,439,950	1,545,338	105,388	7.32%	7.32%		7.32%
FY2006-07	Ind	1,517,377	1,650,895	133,518	8.80%	8.80%		8.80%
FY2007-08	Ind	1,630,350	1,726,145	95,795	5.88%	5.88%		5.88%
FY2008-09	Ind	1,750,074	1,600,418	(149,656)	-8.55%	8.55%	-8.55%	
FY2009-10	Ind	1,675,000	1,514,830	(160,170)	-9.56%	9.56%	-9.56%	
FY2010-11	Ind	1,630,000	1,735,209	105,209	6.45%	6.45%		6.45%
FY2011-12	Ind	1,758,137	1,822,884	64,747	3.68%	3.68%		3.68%
FY2012-13	Ind	1,862,137	2,101,912	239,775	12.88%	12.88%		12.88%
FY2013-14	Ind	2,039,395	2,060,759	21,364	1.05%	1.05%		1.05%
FY2014-15	Ind	2,207,703	2,205,464	(2,239)	-0.10%	0.10%	-0.10%	
FY2015-16	Ind	2,298,471	2,221,089	(77,382)	-3.37%	3.37%	-3.37%	
FY2016-17	Ind	2,427,203	2,224,840	(202,363)	-8.34%	8.34%	-8.34%	
FY2017-18	Ind	2,425,000	2,360,596	(64,404)	-2.66%	2.66%	-2.66%	
FY2018-19	Ind	2,471,000	2,545,680	74,680	3.02%	3.02%		3.02%
FY2019-20	Ind	2,625,100	2,445,647	(179,453)	-6.84%	6.84%	-6.84%	
FY2020-21	Ind	2,606,536	3,130,599	524,063	20.11%	20.11%		20.11%
FY2021-22	Ind	2,314,067	3,243,238	929,171	40.15%	40.15%		40.15%
FY2022-23	Ind	2,795,159	3,005,952	210,793	7.54%	7.54%		7.54%
FY2023-24	Ind	3,065,283	2,479,054	(586,229)	-19.12%	19.12%	-19.12%	
Average (FY94 to FY24, 30 yr)					1.91%	0.00%	-8.7%	9.1%
Standard Deviation (FY94 to FY24, 30 yr)					11.13%	7.64%	5.4%	8.9%

Table 9 Actual vs. Projected Revenues – Corporate Income Tax (millions of dollars)

Fiscal Year		Forecast	Actual	Variance from Forecast		Abs Value	Below	Above
		1 Yr Prior	Receipts	Dollar	Pct	of Error	Forecast	Forecast
FY1984-85	Corp	dna	48,959					
FY1985-86	Corp	dna	54,559					
FY1986-87	Corp	72,000	67,424	(4,576)	-6.36%	6.36%	-6.36%	
FY1987-88	Corp	65,000	73,781	8,781	13.51%	13.51%		13.51%
FY1988-89	Corp	50,000	80,624	30,624	61.25%	61.25%		61.25%
FY1989-90	Corp	70,000	71,948	1,948	2.78%	2.78%		2.78%
FY1990-91	Corp	54,800	81,948	27,148	49.54%	49.54%		49.54%
FY1991-92	Corp	100,380	103,617	3,237	3.22%	3.22%		3.22%
FY1992-93	Corp	105,000	102,755	(2,245)	-2.14%	2.14%	-2.14%	
FY1993-94	Corp	110,000	113,143	3,143	2.86%	2.86%		2.86%
FY1994-95	Corp	118,000	123,924	5,924	5.02%	5.02%		5.02%
FY1995-96	Corp	120,422	126,801	6,379	5.30%	5.30%		5.30%
FY1996-97	Corp	131,000	137,338	6,338	4.84%	4.84%		4.84%
FY1997-98	Corp	133,230	142,150	8,920	6.70%	6.70%		6.70%
FY1998-99	Corp	138,000	135,034	(2,966)	-2.15%	2.15%	-2.15%	
FY1999-00	Corp	143,000	140,022	(2,978)	-2.08%	2.08%	-2.08%	
FY2000-01	Corp	140,952	138,040	(2,912)	-2.07%	2.07%	-2.07%	
FY2001-02	Corp	148,913	107,628	(41,285)	-27.72%	27.72%	-27.72%	
FY2002-03	Corp	133,700	111,597	(22,103)	-16.53%	16.53%	-16.53%	
FY2003-04	Corp	120,008	167,429	47,421	39.52%	39.52%		39.52%
FY2004-05	Corp	149,271	198,380	49,109	32.90%	32.90%		32.90%
FY2005-06	Corp	185,950	262,295	76,345	41.06%	41.06%		41.06%
FY2006-07	Corp	218,677	213,027	(5,650)	-2.58%	2.58%	-2.58%	
FY2007-08	Corp	241,200	232,852	(8,348)	-3.46%	3.46%	-3.46%	
FY2008-09	Corp	214,490	198,484	(16,006)	-7.46%	7.46%	-7.46%	
FY2009-10	Corp	169,814	154,332	(15,482)	-9.12%	9.12%	-9.12%	
FY2010-11	Corp	185,000	154,945	(30,055)	-16.25%	16.25%	-16.25%	
FY2011-12	Corp	200,000	234,266	34,266	17.13%	17.13%		17.13%
FY2012-13	Corp	230,000	275,563	45,563	19.81%	19.81%		19.81%
FY2013-14	Corp	265,000	306,591	41,591	15.69%	15.69%		15.69%
FY2014-15	Corp	263,000	346,477	83,477	31.74%	31.74%		31.74%
FY2015-16	Corp	329,124	307,670	(21,454)	-6.52%	6.52%	-6.52%	
FY2016-17	Corp	310,000	264,440	(45,560)	-14.70%	14.70%	-14.70%	
FY2017-18	Corp	265,000	313,689	48,689	18.37%	18.37%		18.37%
FY2018-19	Corp	308,000	423,738	115,738	37.58%	37.58%		37.58%
FY2019-20	Corp	325,000	391,164	66,164	20.36%	20.36%		20.36%
FY2020-21	Corp	408,393	571,220	162,827	39.87%	39.87%		39.87%
FY2021-22	Corp	350,229	715,153	364,924	104.20%	104.20%		104.20%
FY2022-23	Corp	462,300	692,965	230,665	49.90%	49.90%		49.90%
FY2023-24	Corp	567,874	1,724,908	1,157,034	203.75%	203.75%		203.75%
Average (FY94 to FY24, 30 yr)					33.0%	24.7%	-10.0%	35.2%
Standard Deviation (FY94 to FY24, 30 yr)					42.4%	38.4%	7.4%	17.0%

Table 10 Actual vs. Projected Revenues – Miscellaneous Receipts (millions of dollars)

Fiscal Year		Forecast	Actual	Variance from Forecast		Abs Value	Below	Above
		1 Yr Prior	Receipts	Dollar	Pct	of Error	Forecast	Forecast
FY1984-85	Misc	dna	109,272					
FY1985-86	Misc	dna	112,105					
FY1986-87	Misc	112,581	108,010	(4,571)	-4.06%	4.06%	-4.06%	
FY1987-88	Misc	109,000	111,426	2,426	2.23%	2.23%		2.23%
FY1988-89	Misc	120,664	143,013	22,349	18.52%	18.52%		18.52%
FY1989-90	Misc	123,090	135,396	12,306	10.00%	10.00%		10.00%
FY1990-91	Misc	125,900	128,326	2,426	1.93%	1.93%		1.93%
FY1991-92	Misc	134,664	135,716	1,052	0.78%	0.78%		0.78%
FY1992-93	Misc	137,371	145,201	7,830	5.70%	5.70%		5.70%
FY1993-94	Misc	148,090	169,402	21,312	14.39%	14.39%		14.39%
FY1994-95	Misc	153,631	150,996	(2,635)	-1.72%	1.72%	-1.72%	
FY1995-96	Misc	157,156	152,381	(4,775)	-3.04%	3.04%	-3.04%	
FY1996-97	Misc	167,287	172,241	4,954	2.96%	2.96%		2.96%
FY1997-98	Misc	172,430	177,852	5,422	3.14%	3.14%		3.14%
FY1998-99	Misc	172,538	165,629	(6,909)	-4.00%	4.00%	-4.00%	
FY1999-00	Misc	165,589	183,112	17,523	10.58%	10.58%		10.58%
FY2000-01	Misc	170,054	180,435	10,381	6.10%	6.10%		6.10%
FY2001-02	Misc	180,626	179,180	(1,446)	-0.80%	0.80%	-0.80%	
FY2002-03	Misc	207,832	186,450	(21,382)	-10.29%	10.29%	-10.29%	
FY2003-04	Misc	162,765	187,033	24,268	14.91%	14.91%		14.91%
FY2004-05	Misc	191,118	207,726	16,608	8.69%	8.69%		8.69%
FY2005-06	Misc	214,376	280,875	66,499	31.02%	31.02%		31.02%
FY2006-07	Misc	214,395	240,583	26,188	12.21%	12.21%		12.21%
FY2007-08	Misc	224,583	225,298	715	0.32%	0.32%		0.32%
FY2008-09	Misc	208,250	232,405	24,155	11.60%	11.60%		11.60%
FY2009-10	Misc	258,302	245,721	(12,582)	-4.87%	4.87%	-4.87%	
FY2010-11	Misc	241,459	236,717	(4,742)	-1.96%	1.96%	-1.96%	
FY2011-12	Misc	207,995	201,829	(6,166)	-2.96%	2.96%	-2.96%	
FY2012-13	Misc	195,023	199,941	4,918	2.52%	2.52%		2.52%
FY2013-14	Misc	216,296	225,265	8,969	4.15%	4.15%		4.15%
FY2014-15	Misc	213,375	217,739	4,364	2.05%	2.05%		2.05%
FY2015-16	Misc	231,988	251,199	19,211	8.28%	8.28%		8.28%
FY2016-17	Misc	222,924	228,103	5,179	2.32%	2.32%		2.32%
FY2017-18	Misc	290,427	289,973	(454)	-0.16%	0.16%	-0.16%	
FY2018-19	Misc	266,734	268,853	2,120	0.79%	0.79%		0.79%
FY2019-20	Misc	229,007	254,716	25,709	11.23%	11.23%		11.23%
FY2020-21	Misc	220,660	247,475	26,815	12.15%	12.15%		12.15%
FY2021-22	Misc	222,627	257,452	34,825	15.64%	15.64%		15.64%
FY2022-23	Misc	223,318	333,173	109,855	49.19%	49.19%		49.19%
FY2023-24	Misc	308,983	493,014	184,031	59.56%	59.56%		59.56%
Average (FY94 to FY24, 30 yr)					4.8%	17.2%	-3.4%	7.7%
Standard Deviation (FY94 to FY24, 30 yr)					29.6%	27.2%	2.7%	7.0%