



MEMORANDUM

DATE: July 14, 2016
TO: All Agencies, Boards, and Commissions
FROM: Governor Pete Ricketts
SUBJECT: Fiscal Restraint

The Department of Revenue has reported that net General Fund tax receipts were \$24 million below the certified tax receipt forecast for the month of June. As a consequence, Nebraska state government ended fiscal year 2015-16 \$95.0 million, or 2.2 percent below the certified forecast upon which the first year of the current biennial budget is based. The Nebraska Economic Forecasting Advisory Board in February had increased the tax receipt forecast by another \$17 million which causes this shortfall to total \$112 million when compared to the revised tax receipt forecast of the Board.

Today I issued a memorandum (attached) to code agency directors instructing them to closely review all spending decisions to provide the greatest efficiency in the delivery of state services. I am requesting that all other agency directors and the members of their boards and commissions exercise the same scrutiny and restraint that is expected of the members of my cabinet.

I have instructed the State Budget Division to reduce the quarterly allotment of fiscal year 2016-17 appropriations to all state agencies, boards, and commissions by 1 percent to cause additional spending restraint and to prepare for possible reductions to current budgets. The State Budget Division will make adjustments to your quarterly allotment of appropriations as necessary to provide services. Any FY 2015-16 appropriations unspent by state agencies on June 30, 2016 will be reserved for payment of prior year obligations or justified one-time expense.

As you know, we have also issued budget instructions for preparation of the upcoming 2017-2019 biennial budget that require state agencies, boards, and commissions to identify eight percent budget reductions in general fund appropriations for consideration by myself and the Legislature in preparation for the 2017 legislation session. This information will be especially important as a consequence of lower than forecasted tax receipts.

Today's tax receipt report specifically impacts the state budget financed from the General Fund. It is equally important, however, that you focus good fiscal discipline on spending financed from fees, assessments, or other tax revenues. Fees and assessments should be reduced to eliminate excess fund balances and spur economic activity.

Some state agencies, boards, and commissions operate independently under our constitution or laws. I am urging all agencies to display the same attention and good stewardship as you manage your budgets for the remainder of the current biennium and as we prepare for development of the 2017-2019 biennial budget.

Please address any questions to your assigned Budget Management Analyst in the Department of Administrative Services State Budget Division.

Thank you.