

General Fund Financial Status

This General Fund Financial Status provides a summary of the State's financial condition including the impact of the Governor's budget recommendations for FY 2016-17 and the 2017-2019 biennium. While Nebraska operates with a biennial budget, the version of the Status shown in this document includes an additional two years of estimated revenues and appropriations for planning purposes.

On January 5, 2017, the Governor presented his recommendations for budget adjustments in FY 2016-17 to the Legislature in a publication entitled **Governor's Budget Recommendations-FY2016-17 Budget Adjustments** which can be reviewed online at budget.nebraska.gov/biennium-2015-2017.html. Those recommendations provided for \$276 million in budget adjustments in FY 2016-17 that are contained in this General Fund Financial Status but not further explained here.

The revenue portion of the Status shows the net General Fund tax receipts for the current fiscal year and the next biennium that were adopted by the Nebraska Economic Forecasting Advisory Board at its meeting in October 2016. The net receipts projected for the following 2019-2021 biennium were presented to the Tax Rate Review Committee in November of 2016 by the Legislative Fiscal Office. Additional sales tax receipts from online sales is included as additional revenue for each fiscal year beginning with FY 2016-17.

The Governor recommends transfers from the General Fund in both FY 2017-18 and FY 2018-19: Property Tax Credit Cash Fund - \$221 million; Water Sustainability Cash Fund - \$10.67 million; Water Resources Cash Fund - \$3.3 million. Also, a transfer of \$17.5 million to the Cash Reserve Fund is recommended in FY 2018-19 to maintain that fund's unobligated balance at \$500 million.

Certain transfers are proposed to the General Fund in the 2017-2019 biennium. The usual and customary transfers in both FY 2017-18 and FY 2018-19 include: Securities Act Cash Fund - \$30 million; Tobacco Products Administration Cash Fund - \$10 million; Insurance Cash Fund - \$8.25; totaling \$48.25 million each year. In addition, transfers are recommended from excess balances in ten specific cash funds to the General Fund: \$3,406,000 in FY 2017-18 and \$2,937,000 in FY 2018-19. These specific transfers are listed elsewhere in this publication.

The appropriations shown for the current FY 2016-17 are those adopted during the 2015 session and further amended during the 2016 session of the 104th Legislature. The Governor's recommendations are shown for the current FY 2016-17 and for the 2017-2019 biennium. The Governor's recommendations for the 2017-2019 biennium represent a 1.7 percent two-year average increase over his recommendations for FY 2016-17, re-establish structural budget balance, and provide a 3.1 percent General Fund reserve.

The following 2019-2021 biennium is shown for planning purposes. As noted, the tax receipt forecasts are from the November 2016 Tax Rate Review Committee report. The Governor is proposing an income tax relief measure effective in the 2019-2021 biennium and a change in the method for assessing the valuation of agricultural land. Spending growth is shown at 3.5 percent and a biennium ending General Fund balance of \$607.8 million, a \$314.6 million variance above the minimum reserve requirement.

General Fund Financial Status

	Current FY2016-17	Next Biennium FY2017-18 FY2018-19		Following Biennium FY2019-20 FY2020-21	
1 <u>Beginning Balance</u>					
2 Beginning Cash Balance	\$531,652,199	\$263,176,405	\$203,882,544	\$272,688,263	\$421,182,182
3 Cash Reserve Fund transfer-Automatic		(32,710,103)			
4 FY2015-16 carryover obligations/reappropriations	(310,603,783)				
4a Reduce FY2015-16 reappropriations	77,454,598				
5 Allocation for potential deficits		(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
6 Unobligated Beginning Balance	298,503,014	225,466,302	198,882,544	267,688,263	416,182,182
7 <u>Revenues</u>					
8 Net Receipts (October 2016 NEFAB; Following-LFO Hist. Avg.)	4,395,000,000	4,538,000,000	4,730,000,000	5,010,215,000	5,237,047,000
9 General Fund transfers - out	(216,660,000)	(234,970,000)	(234,970,000)	(235,970,000)	(235,970,000)
10 General Fund transfers - in (usual and customary)		48,250,000	48,250,000		
11 Additional revenue	11,201,000	28,218,000	31,344,000	34,479,000	37,927,000
12 General Fund transfers - in (Transfers/Lapses)	21,509,103	3,406,000	2,937,000		
13 Cash Reserve Fund transfers	92,000,000		(17,500,000)		
14 Income Tax Relief with revenue-based annual trigger				(11,955,800)	(41,593,200)
15 General Fund Net Revenues	4,303,050,103	4,382,904,000	4,560,061,000	4,796,768,200	4,997,410,800
16 <u>Appropriations</u>					
17 Appropriations (2016 Session)	4,411,690,837	4,411,690,837	4,411,690,837	4,411,690,837	4,411,690,837
18 2017 Claims Bill	394,854				
19 FY2016-17 Base Appropriation Across-the-Board Reductions	(42,369,058)				
20 FY2016-17 Base Appropriation Specific Reductions	(51,394,886)				
21 FY2016-17 Agency Deficits	20,054,965				
22 2017-2019 Biennium		(5,803,079)	75,964,444	75,964,444	75,964,444
23 Legislation - Veterans Homes/Veterans Affairs Merger		(1,400,000)	(1,400,000)	(1,400,000)	(1,400,000)
24 Legislation - Agricultural Valuation Fairness Act					19,800,000
25 Following Biennium - 3.5% Growth in Appropriations				157,019,000	299,734,000
26 General Fund Appropriations	4,338,376,712	4,404,487,758	4,486,255,281	4,643,274,281	4,805,789,281
27 <u>Ending Balance</u>					
28 Dollar ending balance	263,176,405	203,882,544	272,688,263	421,182,182	607,803,701
29 Minimum Biennial Reserve Requirement	263,019,963		267,187,319		293,209,726
30 Variance from Minimum Reserve	156,442		5,500,943		314,593,975
31 Biennial Reserve (%)	3.0%		3.1%		6.4%
32 Annual % Change - Appropriations	1.7%	1.5%	1.9%	3.5%	3.5%
33 Two Year Average	2.7%	--	1.7%	--	3.5%
34 Annual % Change - Revenues (Nominal)	2.9%	4.3%	4.3%	4.6%	4.0%
35 Two Year Average	1.4%	--	4.3%	--	4.4%
36 Structural Receipts v. Expend./Approps.	(127,326,609)	(21,583,758)	91,305,719	153,493,919	191,621,519