



STATE OF NEBRASKA

Pete Ricketts
Governor

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Mr. President, Mr. Speaker,
and Members of the Legislature
State Capitol Building
Lincoln, NE 68509

Dear Mr. President and Members of the Legislature:

Today, I am presenting my budget recommendation to you for the 2021-2023 Biennium accompanied with recommendations and proposals to substantially increase property tax relief, protect public safety and health, connect Nebraskans to great opportunities, and improve services for a more effective, efficient, and customer-focused state government.

My overall budget recommendations for the 2021-2023 Biennium provide for a two-year average growth in state appropriations of 1.5 percent. I remain committed to spending restraint to create opportunities to provide ongoing tax relief for the taxpayers in Nebraska.

I am recommending an estimated \$1.36 billion in direct property tax relief for the 2021-2023 Biennium. This includes \$550 million in direct property tax relief through the State's Property Tax Credit Relief Fund and an estimated \$596.7 million from the newly enacted LB 1107 (2020 Session Laws) property tax incentive credit. I am also proposing \$213.9 million to provide for the total tax relief payments under the current Homestead Exemption Program. It is also my recommendation that we constrain the growth in annual spending by local subdivisions to continue to reduce property tax growth.

My recommendation includes an increase of \$42.7 million to fully finance the growth of the state's primary school aid funding formula (TEEOSA). This represents a 1.1 percent increase in FY 2021-22 and another three percent increase in FY 2022-23, for a 4.2 percent increase for the biennium. Special education funding is also increased by \$4.6 million, or two percent. The recommendation also recognizes \$4 million for low-income students to assist with tuition and fees to attend a private k-12 school and \$2 million in textbook loans to increase funding for the Textbook Loan Program for private and home school students.

It is critical that we ensure that we are retaining and focusing our efforts on recruiting and graduating more students to fill high-demand and high-paying jobs in order to grow Nebraska. My recommendation includes an additional \$4 million in Nebraska Career Scholarship funding in FY 2021-22 and \$8 million in FY 2022-23 for public universities, state colleges, and community colleges, building on the \$4 million provided in FY 2020-21. To continue the success of the Nebraska Career Scholarship Program, I am also proposing \$3 million over the biennium in new funding for scholarships to students attending Nebraska private non-profit universities and colleges in designated programs of study.

My recommendation for the University of Nebraska and State Colleges provides increased General Funds for their needs in relation to salary and health costs. This is an increase for the University of Nebraska of \$28.4 million, or 4.5 percent for the biennium. The recommendation for the State College System provides an increase of \$6.9 million, or 11.6 percent for the biennium. Community College aid increased by \$4.1 million, or four percent for the biennium. The recommendation also includes

\$4.7 million in General Funds for the 2021-2023 Biennium to support the University of Nebraska's building renewal projects. The language contained in my recommendation provides \$123.9 million in total General Fund support over the next 30 years and is in addition to the funding already provided under other facilities programs to the University.

My capital construction proposals include constructing a new multi-custody level correctional facility with design capacity to provide 1,512 new beds at a cost of \$230 million to address security, aging infrastructure, and capacity concerns within the corrections system and, most importantly, protect public safety.

In order to grow Nebraska, I am also recommending \$50 million to support the state's bid to house the U.S. Space Command operations in Nebraska and create an estimated 1,400 quality jobs at Offutt Air Force Base. I am also recommending multiple proposals to ensure we are growing Nebraska to attract and retain talent into our State. These items include \$40 million in the biennium for rural broadband to connect Nebraskans across the State and enable businesses and students to thrive. The recommendation also includes a significant incentive for military retirees to relocate and stay in our great State by exempting all military retiree benefits from income taxation. To continue to reduce barriers to employment, I am also recommending reciprocity to military spouse teachers relocating to the State as well as allowing all public health workers to relocate to Nebraska without administrative barriers.

Sincerely,

A handwritten signature in blue ink that reads "Pete Ricketts". The signature is written in a cursive, flowing style.

Pete Ricketts
Governor