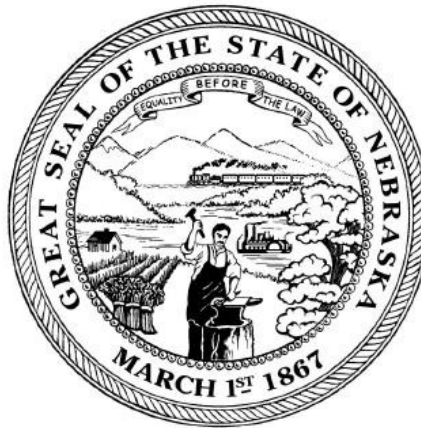


State of Nebraska



Executive Budget Presentation 2023 – 2025 Biennium



Jim Pillen

Governor

January 24, 2023

2023 – 2025 Biennium Budget Overview

- Control Spending
- Cut Taxes
- Invest in Our Kids
- Protect Public Safety & Health
- Improve Our Infrastructure
- Connect Nebraskans to Great Opportunities

Controlling Spending

FY 2023-24 compared to the FY 2022-23 base

- \$164.6 Million increase
 - \$59 Million increase – Teammate Salaries
 - \$12.6 Million increase – Corrections' Inmate Per Diem Costs
 - \$10 Million increase – Workforce Development Aid
- **3.2% annual increase**

FY 2024-25 compared to FY 2023-24

- \$0.5 Million increase
 - \$40.4 Million increase – Teammate Salaries
 - \$23.1 Million increase – Provider Rate Increases
 - \$111.5 Million reduction – TEEOSA School Aid
- **0.01% annual increase**

2023 – 2025 Biennium

- \$165.2 Million over the unadjusted FY 2022-23 base
 - \$99.4 Million increase – Teammate Salaries
- **2 Year Average: 1.3% Annual Growth**

Cutting Taxes

Cut Income Taxes by \$1.5 Billion by 2027

- Lower Individual & Business Tax Rates to 3.99% by 2027
 - \$840 million annual tax reduction
- Exempt Social Security income by 2024
 - 41 other states provide this benefit
 - None of our bordering states tax social security benefits

Property Tax Relief of \$2.4 Billion by 2027

- Increase Property Tax Credits by \$390 Million by 2027
 - Total \$2.6 billion investment
- Fully reimburse community college property taxes and eliminate taxing authority
 - Nearly \$300 million annually in property tax relief
- \$1.75 Billion investment in the Education Future Fund combined with a 3% property tax cap

Investing in our Kids

K-12 Opportunities

- *Education Future Fund*
 - \$1 Billion Investment from General Fund
 - \$250 Million each year thereafter
 - **\$1.75 Billion investment by FY 2026-27**

Education Future Fund Uses

- 80% State Special Education Funding
- \$1,500 Aid Per Student
- Provides nearly **\$300 million annually**

Opportunity Scholarships

- \$25 Million investment for low-income students to receive scholarships to attend private school

Protecting the Good Life

Protecting Public Health & Safety

- \$95.9 million to complete the funding for the State Penitentiary replacement
- \$29 million increase to Corrections to support the substantial increases in hiring
- Historic SLEBC agreement to address workforce shortages amongst law enforcement officials
- Nearly \$4 Billion total General Funds for the Biennium provided to HHS to support their mission

Investing in State Infrastructure

- \$574.5 Million for the Perkins County Canal
 - Accommodates 1,000 cubic feet per second to support our people and our agricultural industry
- \$100 Million to NDOT for federal infrastructure project match
 - Provides funding to match \$400 million in federal funds

Connecting Nebraskans to Great Opportunities

Higher Education Scholarships

- *Nebraska Career Scholarships*: \$39.4 Million investment for public universities, state colleges, community colleges, and private non-profit institutions

Build a Thriving Workforce

- \$10 Million to Support Mentorships in our Schools
 - Support our teachers and improve our kids' ability to read in 1st through 4th grades
- \$10 Million for Targeted Retention Grants
 - Targets Teachers, Nurses, Veterinarians, & Other Health Care Professionals
- \$20 Million for the Good Life is Calling Campaign
- Historic NAPE Agreement for state teammates

Legislative Goals

Reduce Spending, Lower Property Taxes

- Invest in Education
- Agricultural & horticultural land valuation assessed on income potential
- Limiting property tax revenue increases by local units of government is critical for any long-term property tax relief

Cut Taxes

- Reduce the tax rate for individuals and businesses to 3.99% by 2027
- Exempt Social Security income by 2024
- Full refund of community college property tax

2023 – 2025 Budget Highlights

- 2 Year Average Growth: 1.3%
- \$1.3 Billion Investment in Our Kids
- \$3.9 Billion Total Tax Reform by 2027
- \$574.5 Million for Perkins County Canal
- \$500 Million Transportation Infrastructure Funding
- \$95.9 Million for Nebraska State Penitentiary Replacement
- \$40 Million to Build a Thriving Workforce
- Historic Collective Bargaining Agreements

General Fund Financial Status

	Current Year	Upcoming Biennium		Following Biennium	
	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
1 Unobligated Beginning Balance	655,768,285	648,891,217	267,868,985	537,714,506	520,896,935
2 Revenues					
3 Net Receipts - (Oct 2022 NEFAB; Following-Nov 2022 TRR)	6,445,000,000	6,475,000,000	6,555,000,000	6,699,627,000	6,891,471,000
4 General Fund transfers - in (usual and customary)		39,295,957	39,295,957		
5 General Fund transfers - out (current)	(207,968,459)	(113,388,825)	(48,573,800)	(12,115,000)	(12,115,000)
6 General Fund transfers - out (new)	(100,000,000)		(500,000)		
7 General Fund transfers - out to Property Tax Credit Fund	(310,000,000)	(360,000,000)	(395,000,000)	(430,000,000)	(445,000,000)
8 General Fund transfers - out to Education Future Fund		(1,000,000,000)	(250,000,000)	(250,000,000)	(250,000,000)
9 Cash Reserve Fund transfers	(50,000,000)				
10 Fee Reallocations & Reductions		(6,356,900)	(6,356,900)	(6,356,900)	(6,356,900)
11 Legislation - Individual Income Tax Rate Reduction		(72,424,000)	(229,865,000)	(386,809,000)	(585,631,000)
12 Legislation - Business Income Tax Rate Reduction		(6,103,000)	(27,668,000)	(60,181,000)	(92,764,000)
13 Legislation - Social Security Exemption		(16,710,000)	(31,782,000)	(11,743,000)	
14 Legislation - Community College Property Tax Refund			(13,858,000)	(132,576,000)	(97,466,000)
15 Legislation - Opportunity Scholarships		(25,000,000)	(25,000,000)	(25,000,000)	(25,000,000)
16 General Fund Net Revenues	5,777,031,541	4,914,313,232	5,565,692,257	5,384,846,100	5,377,138,100
17 Appropriations					
18 Appropriations (2022 Session)	5,125,672,253	5,125,672,253	5,125,672,253	5,125,672,253	5,125,672,253
19 Appropriation Recommendations	31,694,897	164,663,211	165,174,483	270,991,418	378,924,691
20 2023 State Claims	915,984				
21 General Fund Appropriations	5,158,283,134	5,290,335,464	5,290,846,736	5,396,663,671	5,504,596,944
22 Ending Balance	1,274,516,692	272,868,985	542,714,506	525,896,935	393,438,091
23 Minimum Biennial Reserve Requirement			324,288,254		329,263,069
24 Variance from Minimum Reserve			218,426,252		64,175,022
25 Annual % Change - Appropriations	7.3%	2.6%	0.0%	2.0%	2.0%
26 Two Year Average	4.3%	--	1.3%	--	2.0%
27 Annual % Change - Actual, Oct. NEFAB, TRR Outyear		0.5%	1.2%	2.2%	2.9%

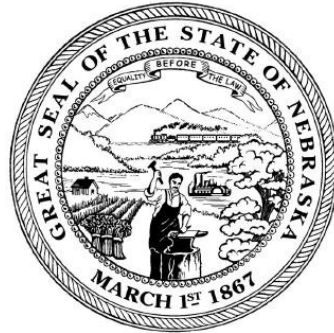
Cash Reserve Fund Financial Status

	Current Year	Upcoming Biennium		Following Biennium	
	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
1 Beginning Balance	927,522,595	1,687,601,590	1,621,942,065	1,621,942,065	1,621,942,065
2 Transfer Amounts Above Forecasts	1,287,998,995	620,625,475			
3 To/From General Fund	50,000,000				
4 To Nebr Capital Construction Fund (NCCF)	(216,120,000)	(95,850,000)			
5 To Military Base Development Fund	(30,000,000)				
6 To Site & Building Development Fund	(20,000,000)				
7 To Intern Nebraska Cash Fund	(20,000,000)				
8 To JEDI Fund	(80,000,000)				
9 To Middle Income Housing Fund	(20,000,000)				
10 To NE Rural Projects Act	(50,000,000)				
11 To Perkins County Canal Fund	(53,500,000)	(574,500,000)			
12 To Rural Workforce Housing Fund	(30,000,000)				
13 To Surface Water Irrigation Fund	(50,000,000)				
14 To Trail Development Fund	(8,300,000)				
15 From Governors Emergency Fund		2,000,000			
16 To Accounting Division Revolving Fund		(1,100,000)			
17 To Health & Human Services Cash Fund		(11,320,000)			
18 To NSCS Insurance Risk Loss Trust		(3,000,000)			
19 To Public Safety Fund		(1,115,000)			
20 To State Building Revolving Fund		(1,400,000)			
21 Ending Balance	<u>1,687,601,590</u>	<u>1,621,942,065</u>	<u>1,621,942,065</u>	<u>1,621,942,065</u>	<u>1,621,942,065</u>

State of Nebraska



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Questions and Answers?