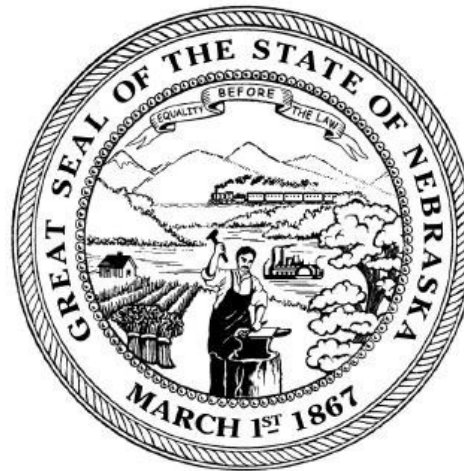


State of Nebraska



Executive Budget Presentation 2025 – 2027 Biennium



Jim Pillen
Governor

January 15, 2025

2025 – 2027 Biennium Budget Overview

- Balance the Budget
- Reducing Government Spending
- Roll Back Expansions
- Do More With Less
- Property Tax Relief
- Invest in Our Kids

Balance the Budget

	Tax Rate Review	Governor	Difference
Beginning	1,442,708,119	1,442,708,119	0
Revenue	6,335,000,000	6,335,000,000	0
Net Transfers	-1,689,376,713	-1,679,201,713	10,175,000
Appropriation	-5,492,458,633	-5,473,824,127	18,634,506
FY2025	595,872,773	624,682,279	28,809,506
Revenue	6,950,000,000	6,950,000,000	0
Legislation		183,620,037	183,620,037
Net Transfers	-1,734,998,849	-1,635,055,644	99,943,205
Appropriation	-5,606,634,500	-5,486,587,737	120,046,763
FY2026	204,239,424	636,658,935	432,419,511
Revenue	6,965,000,000	6,965,000,000	0
Legislation		255,956,237	255,956,237
Net Transfers	-1,591,298,291	-1,873,534,103	-282,235,812
Appropriation	-5,684,815,940	-5,595,624,979	89,190,961
FY2027	-106,874,807	388,456,090	495,330,897
Min. Reserve	325,764,339	326,039,664	275,325
Variance	-432,639,146	62,416,426	495,055,572

Balance the Budget

We Must Have the Courage to Say “No”

2-year Average Spending **Reduction**: -0.5%

Without federal mandates: -2.3%

Reduce Government Spending

0% General Fund growth for many agencies

One-Time Transfers

\$181.9 Million from Cash Fund Balances

Reverse Expansion

Reverse \$120 Million in expansions to incentives and aid programs

Managed Care Organization Tax

Use additional federal funds to increase State assistance

Similar to LB1087 hospital assessment

Controlling Spending

FY 2025-26 compared to the FY 2024-25 Base

- \$95.1 million reduction
 - \$151.1 million increase - Federal Health Cost Mandates
 - \$55.8 million reduction - Reverse Expansions
 - \$14.6 million increase – Public Servant Salaries
- **1.7% annual reduction**

FY 2026-27 compared to FY 2025-26

- \$43 million increase
 - \$49.3 million increase - Federal Health Cost Mandates
 - \$15.9 million increase – Public Servant Salaries
- **0.8% annual increase**

2025 – 2027 Biennium

- \$52 million reduction
 - \$200.4 million increase - Federal Health Cost Mandates
 - \$55.8 million reduction - Reverse Expansions
 - \$30.5 million increase – Public Servant Salaries
- **2 Year Average: 0.5% Annual Reduction**

Reverse Expansions

- **\$21 million** **Broadband Bridge**
- **\$21 million** **Relocation Incentives**
- **\$15 million** **DED Grant Programs**
- **\$12 million** **Purchasing Agent Exemptions**
- **\$6 million** **Renewable Chemical Credits**
- **\$5 million** **Internet Tower Exemptions**

Grow Property Tax Relief

First year of property tax declines for many Nebraskans

More School District Property Tax Credit Relief

- FY2026: + \$235 million
- FY2027: + \$245 million

Total Property Tax Relief

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Homestead Exemption	149,000,000	159,896,687	170,282,687	170,282,687	170,282,687
Property Tax Credit	398,000,000	430,000,000	445,000,000	460,000,000	475,000,000
School District Property Tax Credit	750,000,000	1,010,000,000	1,053,000,000	1,083,000,000	1,115,000,000
Community College Tax Refund	57,435,000	59,646,000	61,526,000	66,604,000	61,769,000
Total Property Tax Relief	1,354,435,000	1,659,542,687	1,729,808,687	1,779,886,687	1,822,051,687

Investing in Our Kids

Stabilize School Funding

- \$200 Million transfer into EFF in FY2029
- Provide for ongoing dollar for dollar funding

More Funding for Education Future Fund

- FY2026: + \$120 Million
- FY2027: + \$135 Million
- FY2028: + \$150 Million
- FY2029: + \$365 Million

Grow Special Education Funding by \$67.6 Million

Legislation to Protect our Kids

Legislative Priorities

Streamline State Agencies

- Department of Environment & Energy
- Department of Natural Resources
- Reduce boards and commissions

Property Tax Relief

- \$245 million in additional annual property tax relief

Ban Lab Grown Meat

- Protect consumers and support our beef industry

Educating and Protecting Our Kids

- Increase foundation aid and stabilize TEEOSA funding
- Protect our kids from negative impacts of social media
- Phones free schools

Agricultural Data

- Help farmers and ranchers maintain ownership of their own valuable ag production data

General Fund Financial Status

	Current Year FY 2024-25	Upcoming Biennium FY 2025-26	Upcoming Biennium FY 2026-27	Following Biennium FY 2027-28	Following Biennium FY 2028-29
1 <u>Beginning Balance</u>					
2 Beginning Cash Balance	1,843,296,751	624,682,279	636,658,935	388,456,090	253,470,524
3 Cash Reserve Fund transfer-Automatic	(38,746,104)				
4 Unexpended FY24 Carryover	(437,528,028)				
5 Lapse of Carryover	75,685,500		(5,000,000)		(5,000,000)
6 Unobligated Beginning Balance	1,442,708,119	624,682,279	631,658,935	388,456,090	248,470,524
7 <u>Revenues</u>					
8 Net Receipts - (Oct NEFAB; LFO Capped Ave. Outyears)	6,335,000,000	6,950,000,000	6,965,000,000	7,258,740,000	7,673,308,000
9 New General Fund transfers - in	10,175,000	167,224,974	6,045,957		
10 New General Fund Interest Accruals		37,708,231	36,708,231	35,708,231	34,708,231
11 General Fund transfers - out	(1,693,376,713)	(1,719,988,849)	(1,781,288,291)	(1,840,252,706)	(1,901,915,341)
12 Cash Reserve Fund transfers	4,000,000				
13 Education Future Fund Transfers		(120,000,000)	(135,000,000)	(150,000,000)	(165,000,000)
14 School District Property Tax Relief Fund Transfers		(230,000,000)	(245,000,000)	(245,000,000)	(245,000,000)
15 Legislation - DMV Assessments		7,500,000	7,725,000	7,956,750	8,195,453
16 Legislation - Excise & Sales Taxes		233,885,200	246,779,400	246,621,800	246,828,194
17 Legislative Repeals		64,389,667	77,656,667	81,329,167	81,920,667
18 General Fund Net Revenues	4,655,798,287	5,390,719,223	5,178,626,964	5,395,103,242	5,733,045,204
19 <u>Appropriations</u>					
20 Expenditure/Appropriations	5,413,727,981	5,413,727,981	5,413,727,981	5,413,727,981	5,413,727,981
21 Appropriation Recommendation	60,096,146	72,859,756	176,896,998	288,709,498	402,758,247
22 Legislation - Fire Marshal & Agriculture Fees		(5,500,000)	(5,500,000)	(5,500,000)	(5,500,000)
23 Legislation - Health Information Exchange		(4,750,000)	(4,750,000)	(4,750,000)	(4,750,000)
24 Legislation - Managed Care Organization Tax		(57,500,000)	(118,450,000)	(122,003,500)	(125,663,605)
25 Legislation - Retirement Contribution		(40,095,170)	(40,095,170)	(40,095,170)	(40,095,170)
26 General Fund Appropriations	5,473,824,127	5,378,742,567	5,421,829,809	5,530,088,809	5,640,477,453
27 <u>Ending Balance</u>					
28 Dollar ending balance	624,682,279	636,658,935	388,456,090	253,470,524	341,038,274
29 Minimum Biennial Reserve Requirement			326,039,664		335,435,084
30 Variance from Minimum Reserve			62,416,426		5,603,190
31 Biennial Reserve (%)			3.6%		3.1%
32 Annual % Change - Appropriations	2.2%	-1.7%	0.8%	2.0%	2.0%
33 Two Year Average	3.0%	--	-0.5%	--	2.0%
34 Annual % Change - Actual, Prelim NEFAB, Econometric	-11.5%	9.7%	0.2%	4.2%	5.7%
35 Two Year Average	-0.3%	--	4.9%	--	5.0%
36 Structural Receipts v. Expend./Approps.	(818,025,840)	11,976,656	(243,202,845)	(134,985,567)	92,567,750

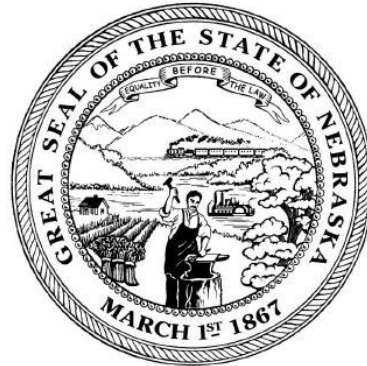
Cash Reserve Fund Status

		Current Year FY 2024-25	Upcoming Biennium FY 2025-26 FY 2026-27		Following Biennium FY 2027-28 FY 2028-29	
1	Beginning Balance	912,817,475	877,179,779	805,679,779	755,679,779	705,679,779
2	Transfer Amounts Above Forecasts	38,746,104				
3	To/From General Fund (in forecast)	(4,000,000)				
4	To Nebr Capital Construction Fund (NCCF)	(29,458,800)	(11,500,000)			
5	To/From Governors Emergency Fund	(25,000,000)	(10,000,000)			
6	To Health & Human Services Cash Fund	(3,500,000)				
7	To Public Safety Comm Systems Revolving Fund	(2,425,000)				
8	To State Insurance Fund	(5,000,000)				
9	To Municipality Infrastructure Aid Fund	(5,000,000)				
10	To University Next Project		(50,000,000)	(50,000,000)	(50,000,000)	(50,000,000)
11	To Education Future Fund					(200,000,000)
12	Ending Balance	877,179,779	805,679,779	755,679,779	705,679,779	455,679,779
15	<i>Balance as Percent of Appropriation</i>	<i>16.0%</i>	<i>15.0%</i>	<i>13.9%</i>	<i>12.8%</i>	<i>8.1%</i>

State of Nebraska



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Questions and Answers?