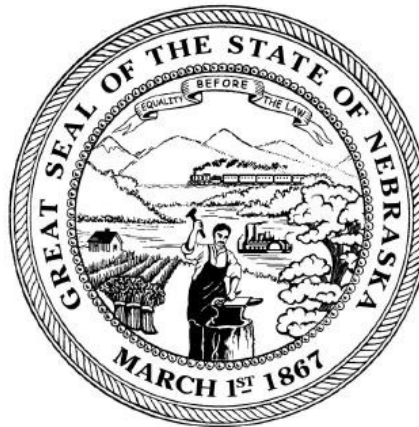


State of Nebraska

Executive Budget Presentation 2025 – 2027 Mid-Biennium



Jim Pillen
Governor

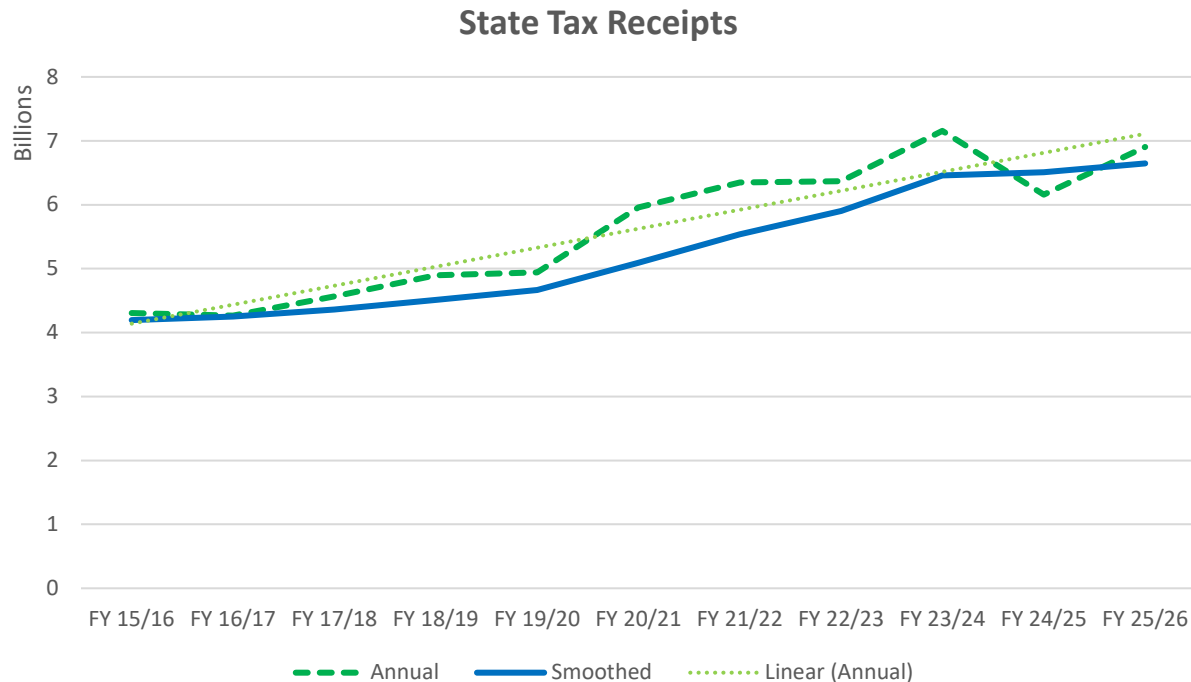
January 15, 2026

2026 Mid-Biennium Budget Overview

- Balanced Conservative Budget
- Control Spending
- Put Pillowcase Money Back to Work
- Property Tax Reform
- Nebraska is Open for Business

State Finances

- **Sales Tax on track to be \$150 million higher than last year**
- **Total Revenue increased \$500 million over last 4 years**
- **3 consecutive years of historic income tax cuts**
- **\$471 million budget deficit is a spending issue**



Putting Pillowcase Money to Work

- **\$277.9 Million across 94 Cash and Trust Funds**
 - Use Environmental Trust Fund for water resource management and state park lake improvements
 - Put Permanent School Fund to work for schools as directed by the Constitution
- **\$80.1 Million to reduce General Fund budget**
 - Use Veterans' Affairs fund and revenue to serve Nebraska veterans
 - Use Unemployment Insurance funds to expand job creation through the Business Innovation Act
- **\$60 Million total to the Education Future Fund**
- **Over \$1.3 Billion Reserve on Hand**

2026 General Fund Adjustments

- **Reduction of \$22 Million – Health & Human Services**
 - Operational efficiencies: staffing adjustments, increasing federal funding, and replacing expensive contracts
- **Reduction of \$42.3 Million – Leverage idle cash funds**
 - Use available cash funds to reduce the General Fund budget
 - Provide \$21.7 million for additional property tax relief
- **Reduction of \$8 Million – OCIO & DAS Rate Reductions**
- **Reduction of \$6.5 Million – Opioid money for drug courts**
- **Reduction of \$23.5 Million – Lapse of carryover budget**
- **\$2.5 Million – Law enforcement retention incentives**

Total FY 26 GF Adjustment: - \$94 Million

+ Transfers of \$125.2 Million = - \$219.2 Million Total FY 26 Impact

2027 General Fund Adjustments

- Reduction of \$130.4 Million – Health & Human Services
 - Operational efficiencies: staffing adjustments, increasing federal funding, and replacing expensive contract
 - Reasonable limits and strategic rate setting
- Reduction of \$31.6 Million – Department of Revenue Operations
- Reduction of \$16.2 Million – Repurpose correctional facilities
- Reduction of \$37.9 Million – Leverage idle cash funds
 - Use available cash funds to reduce the General Fund budget
 - Includes \$15 million for Business Innovation Act
- Reduction of \$17.9 Million – Court fee reform & opioid funds
- \$10 Million – Increase in TEEOSA school funding

Total FY 27 GF Adjustment: - **\$208.6 Million**

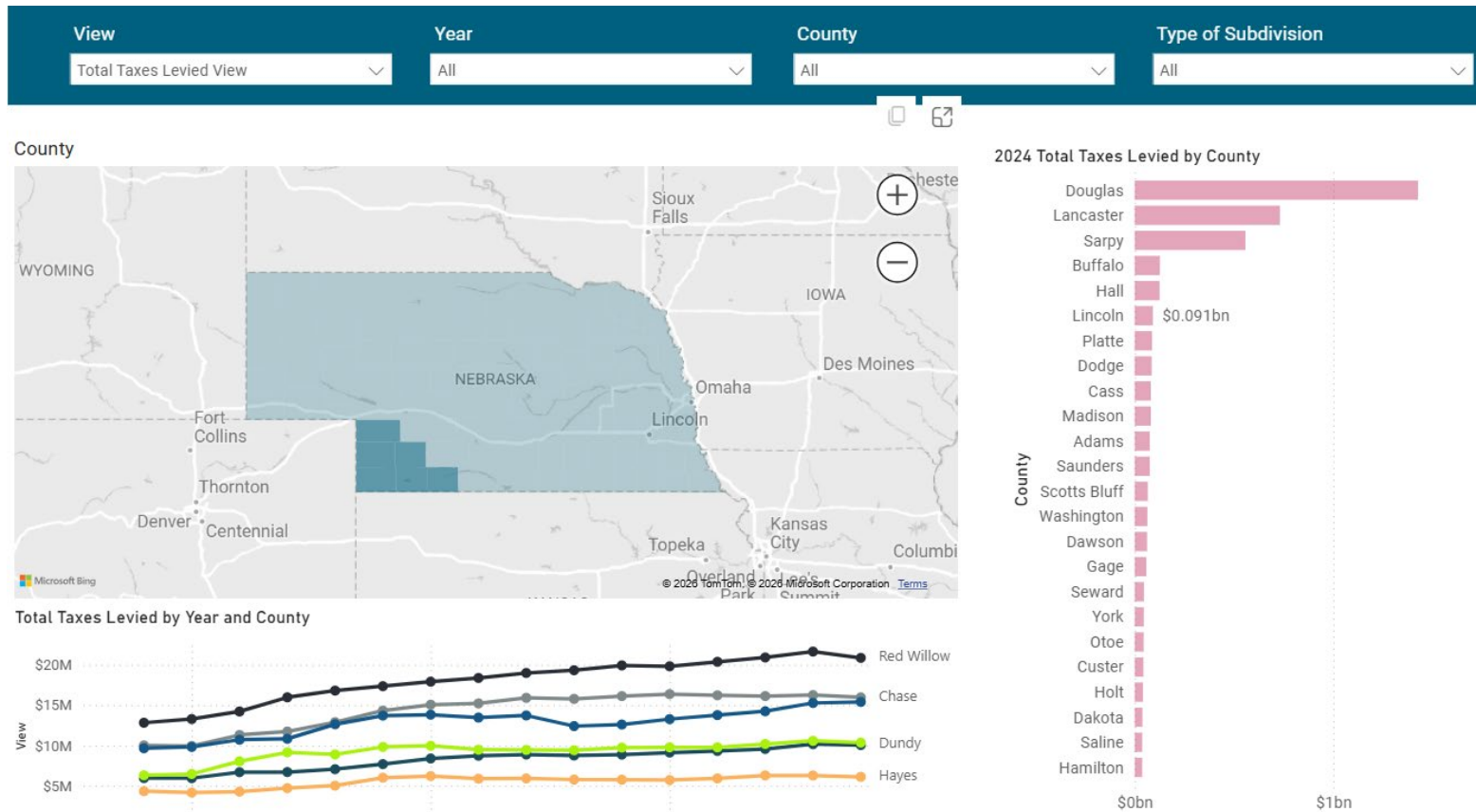
+ Transfers of **\$67.4 Million** = - **\$276 Million** Total FY 27 Impact

Total Biennium Impact = -**\$495.2 Million**

General Fund Improvements

- **Legislative Repeals & Initiatives: \$382.7 Million**
- **International Money Transmitter Tax: \$21.2 Million**
- **Biennial Budget Reductions: \$495.2 Million**
- **Hold the Line on State and Local Spending**
- **Balance Budget & Increase Direct Property Tax Relief**

Property Tax Dashboard



das.nebraska.gov/budget/data

Property Tax Dashboard

View

Total Taxes Levied

Value Format

Value

County

Saunders

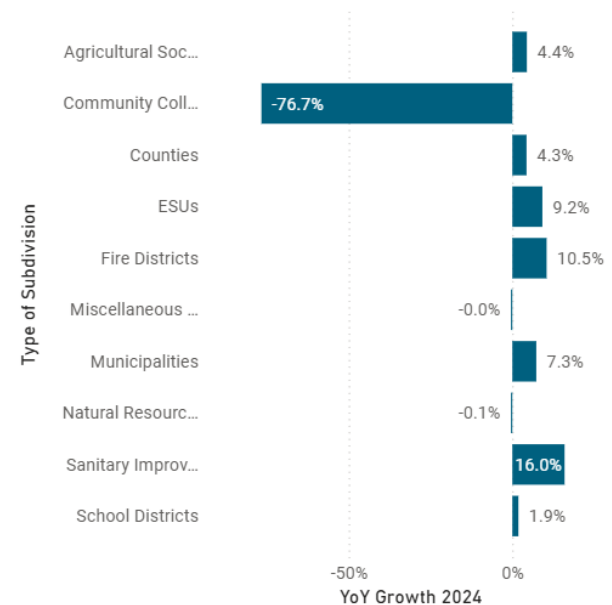
Type of Subdivision

Multiple selections

Total Taxes Levied Growth

Type of Subdivision	2020	2021	2022	2023	2024	5Y Growth
School Districts	40,785,339	42,323,180	46,276,931	46,262,122	47,118,745	3.2%
Wahoo Public Schools	11,252,832	11,637,307	12,469,795	12,224,477	12,481,438	2.1%
Ashland Greenwood Public School	6,678,174	7,271,031	8,547,042	8,808,044	9,077,424	6.4%
Yutan Public Schools	3,798,488	3,946,274	4,256,288	4,501,171	4,530,095	3.7%
Mead Public Schools	4,309,857	4,382,281	4,500,383	4,375,913	4,495,298	1.5%
Raymond Central School	3,859,728	3,968,639	4,326,277	4,226,500	4,277,545	2.4%
Fremont Public Schools	3,100,289	3,205,600	3,922,116	4,158,144	4,068,537	6.0%
Cedar Bluffs Public Schools	3,124,503	3,124,475	3,201,601	3,069,188	3,075,953	-1.0%
East Butler Public Schools	2,208,642	2,361,033	2,566,601	2,572,693	2,766,902	7.4%
North Bend Central Public Schools	2,197,476	2,186,370	2,238,657	2,082,133	2,086,408	-1.0%
Waverly Public Schools	129,968	126,484	132,703	128,038	128,163	-1.9%
David City Public Schools	119,361	107,910	109,473	109,776	123,905	0.3%
Schuyler Community Schools	6,020	5,775	5,995	6,046	7,077	2.8%
Counties	9,125,366	9,513,847	10,448,186	11,526,863	12,026,691	5.7%
Municipalities	4,071,208	4,230,448	4,582,456	5,102,924	5,476,292	8.0%
Fire Districts	1,902,373	2,030,940	2,148,419	2,315,229	2,557,675	7.1%
Natural Resources Districts	1,366,761	1,383,205	1,417,688	1,402,508	1,400,863	0.1%
Miscellaneous Districts	1,241,564	1,200,564	1,200,471	1,205,740	1,205,668	0.0%
Community Colleges	3,863,185	4,011,083	4,366,946	4,777,789	1,113,467	-21.6%
Sanitary Improvement Districts	689,121	726,988	824,800	927,185	1,075,207	7.1%
ESUs	618,519	642,192	699,163	764,935	835,172	6.7%
Agricultural Societies	311,379	325,570	340,285	355,675	371,467	4.5%
Total	63,974,815	66,388,017	72,305,344	74,640,971	73,181,247	3.0%

2024 Total Taxes Levied Growth Rate Over Prior Year



Nebraska is Open for Business

- **3 consecutive years of historic income tax cuts**
- **\$15 million to expand Business Innovation Act**
- **\$1 million to grow the impact of Offutt Air Force Base**
- **\$4 million to invest in Workforce Development**
- **#8 Most Business-Friendly State**
- **6 Regions One Nebraska**

Legislative Priorities

- **Education Reform**

- Giving power back to the classroom and creating a Reading Gate
- Protecting students from antisemitism
- \$7 million for school choice scholarships

- **Ending DEI in Nebraska**

- No public funds for programs and training promoting special benefits and preferential treatment or marginalization

- **Protecting Producer Data**

- Ensuring famers and ranchers own their own production data

- **Combating Foreign Adversaries**

- Safeguarding vital water, energy, and data systems & ag industry

- **Tort Reform**

- Protecting Commercial Motor Carriers from Frivolous Lawsuits

- **Property Tax Relief: Increase by \$170 million**

- Total \$1.9 Billion in Direct Property Tax Relief in FY 2027

Mid-Biennium Budget Recommendations

- Two-year average spending growth reduced from **+1.1%** to **-1.1%**
 - Annual **spending reduction** of **0.4%** in fiscal year 2026 from 2025
 - Additional **spending reduction** of **1.8%** in fiscal year 2027 from 2026
 - Lapse \$23.5 Million in excess General Fund reappropriation
- Transfer \$192.6 Million of idle excess cash fund balances
 - Reviewed over 900 existing funds
 - Repeal 39 inactive funds
- Total reserve funding increased to over \$1.3 Billion from previously estimated \$524 Million
 - Reserve ratio: 24% of annual spend

General Fund Financial Status

		Actual	Current Biennium		Upcoming Biennium	
		FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
1	<u>Beginning Balance</u>					
2	Beginning Cash Balance	1,843,295,751	792,515,104	448,192,675	458,902,814	422,076,324
3	Cash Reserve Fund transfer-Automatic	(38,746,104)				
4	FY 25 Obligations		(313,227,424)			
5	Potential Deficits					(5,000,000)
6	Unobligated Beginning Balance	1,804,550,647	479,287,680	448,192,675	458,902,814	417,076,324
7	<u>Revenues</u>					
8	Net Receipts - (Oct NEFAB; Econometric Outyears)	6,159,041,662	6,950,000,000	6,800,000,000	6,842,853,250	6,988,609,000
9	Current General Fund Transfers - Out	(1,694,747,425)	(1,716,331,476)	(1,777,903,800)	(1,856,279,740)	(1,918,243,227)
10	New & Adjusted General Fund Transfers - In		125,153,185	67,416,858	(2,007,424)	(2,007,424)
12	Cash Reserve Fund Transfers	4,000,000			152,000,000	
13	Legislative Repeals & Initiatives			383,561,779	288,222,123	300,503,421
14	Property Tax Relief Transfers			(170,000,000)	(170,000,000)	(170,000,000)
15	Accounting Adjustment	(5,664,537)				
16	General Fund Net Revenues	4,462,629,700	5,358,971,709	5,303,074,837	5,254,788,209	5,198,861,770
17	<u>Appropriations</u>					
18	Expenditure/Appropriations	5,474,665,244	5,484,551,944	5,520,851,181	5,520,851,181	5,520,851,181
19	Mid-Biennium Budget Recommendations		(93,965,168)	(208,560,228)	(208,560,228)	(208,560,228)
20	Governor Legislation		(520,062)	(19,926,254)	(20,676,254)	(20,676,254)
21	General Fund Appropriations	5,474,665,244	5,390,066,714	5,292,364,699	5,291,614,699	5,291,614,699
22	<u>Ending Balance</u>					
23	Dollar ending balance	792,515,104	448,192,675	458,902,814	422,076,324	324,323,395
24	Minimum Biennial Reserve Requirement			333,628,009		317,841,343
25	Variance from Minimum Reserve			125,274,804		6,482,051
26	Biennial Reserve (%)			7.2%		3.1%
27	Annual % Change - Appropriations	2.2%	-0.4%	-1.8%	0.0%	0.0%
28	Two Year Average	3.0%	-	-1.1%	-	0.0%
29	Annual % Change - Actual, Prelim NEFAB, Econometric	-13.9%	12.8%	3.4%	-0.8%	0.8%
30	Two Year Average	-1.7%	-	8.0%	-	0.7%
31	Structural Receipts v. Expend./Approps.	(1,012,035,544)	(31,095,005)	10,710,138	(36,826,490)	(92,752,929)

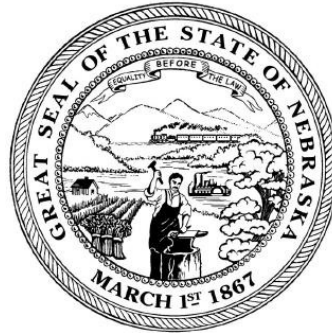
Cash Reserve Fund Status

		Actual	Current Biennium		Upcoming Biennium	
		FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
1	Beginning Balance	912,817,475	877,179,779	821,132,779	821,132,779	619,132,779
2	Transfer Amounts Above Forecasts	38,746,104				
3	To/From General Fund (Enacted 2025)	(4,000,000)			(152,000,000)	
4	To Nebr Capital Construction Fund (NCCF)	(29,458,800)	(45,897,000)			
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)
11	To Self Insured Liability Fund		(150,000)			
12	Ending Balance	877,179,779	821,132,779	821,132,779	619,132,779	569,132,779
13	Balance as Percent of Appropriation	16.0%	15.2%	15.5%	11.7%	10.8%
14	Total General & CRF Reserve		1,154,760,788	1,280,035,593	936,974,122	886,974,122
15	Balance of General & CRF as Percent of Total Appropriation	14.48%	20.74%	24.19%	25.68%	22.80%

State of Nebraska



Executive Budget Presentation 2025 – 2027 Mid-Biennium



Questions and Answers?