


Appropriations Committee (ARPA) Proposal Highlights




The American Rescue Plan Act of 2021 provided \$1.04 billion in federal funds to the State of Nebraska. \$520 million has already been received and another \$520 million is anticipated to be received no later than May 2022. These funds have requirements and parameters in statute and U.S. Treasury guidance that direct how they can be spent.






Half of the proposals recommended for funding came to the committee via LB1014 at the request of the Governor. The other half from bills introduced by senators. Several modifications were made to the proposal during floor debate. The largest being an allocation of \$250 million of the funds through LB1024, now known as the Economic Recovery Act. Approximately, \$2 million of the \$1.04 billion has been left unappropriated.

The final bill includes \$15 million to support state agencies with operational support, software licensing, vendor and contractor support in administering these programs; as well as covering IT costs associated with higher utilization of programs within the Department of Health and Human Services.

Public Health Emergency Response	
<p><u>Healthcare Facility Expansion</u></p> <ul style="list-style-type: none"> • \$10 million to build pediatric mental health care capacity. • \$5 million to build mental health care capacity. • \$5 million to build adolescent mental health development day school. 	<p><u>Greater Nebraska Healthcare Infrastructure</u></p> <ul style="list-style-type: none"> • \$5 million for equipment purchases to volunteer emergency medical services in programs in communities of less than 100,000 people. • \$20 million to assist rural communities to replace aging ambulances.
<p><u>Rural Health Initiatives</u></p> <ul style="list-style-type: none"> • \$60 million for a joint UNK/UNMC Rural Health Complex on the UNK campus. 	<p><u>Child Welfare Case Counts & Provider Rates</u></p> <ul style="list-style-type: none"> • \$25 million to provide temporary provider rate increases and assist in managing increased costs in the child welfare aid program due to rising case counts.
<p><u>Pediatric Mental Health Services Technology</u></p> <ul style="list-style-type: none"> • \$1.8 million for telehealth technology related to pediatric mental health services. 	<p><u>Local Public Health Departments</u></p> <ul style="list-style-type: none"> • \$10 million distributed proportionately based on employees.
<p><u>Research Studies</u></p> <ul style="list-style-type: none"> • \$1 million to assess existing electric generation facilities and compatibility to be converted into advanced nuclear reactor. • \$1 million to the University of Nebraska to study environmental and health effects from the production of ethanol made from treated grain or seed. 	<p><u>Model System of Care</u></p> <ul style="list-style-type: none"> • \$5 million for grants to institutions who have developed a model system of care to treat individuals with persistent symptoms of COVID (Long-COVID).
<p><u>Healthcare Workforce Incentives</u></p> <ul style="list-style-type: none"> • \$5 million for student loan repayment for rural healthcare professionals. • \$5 million for scholarships for nursing students 	<p><u>HIV Prevention Programs</u></p> <ul style="list-style-type: none"> • \$1 million for HIV prevention programs and preexposure prophylaxis medication.

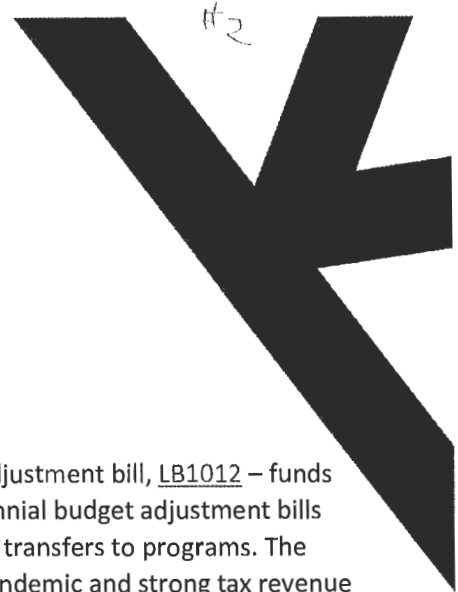
Premium Pay	
<p><u>Salary Increase 24-Hour Facilities</u></p> <ul style="list-style-type: none"> • \$36.7 million to provide premium pay increases for front-line workers in 24-hour facilities at Dept. of Health and Human Services, Dept. of Veterans' Affairs, and Dept. of Correctional Services. 	<p><u>Payments to Assisted Living Facilities</u></p> <ul style="list-style-type: none"> • \$5.4 million for recruitment and retention incentives for staff, as well as for the purchase of supplies, PPE and testing supplies.
<p><u>Licensed / Medicaid-Certified Nursing Facilities</u></p> <ul style="list-style-type: none"> • \$47.5 million for incentive payments for direct care staff. 	<p><u>Developmental Disability Providers</u></p> <ul style="list-style-type: none"> • \$47.5 million for provider rate increases.

Negative Economic Impacts

<p><u>Job Training and Apprenticeships</u></p> <ul style="list-style-type: none"> • \$10 million for apprenticeship and customized workforce training programs. • \$1 million for youth who have aged out of the foster care system. 	<p><u>Community College Workforce Development</u></p> <ul style="list-style-type: none"> • \$60 million to be divided equally among the 6 community college areas for capital or programs that support workforce development. • \$15 million for to cover tuition costs of dual-credit courses for high school students. 
<p><u>Workforce Housing</u></p> <ul style="list-style-type: none"> • \$39.5 million for workforce housing grants and to address labor shortages and attract workers 	<p><u>Shovel Ready Capital Projects</u></p> <ul style="list-style-type: none"> • \$100 million for capital projects under the Shovel-Ready Capital Recovery and Investment Act. Such projects include: arts, culture, humanities and sports complexes. 
<p><u>Programs and Services for Deaf or Hard of Hearing</u></p> <ul style="list-style-type: none"> • \$1 million for programs and interpreters that provide services to students who are deaf or hard of hearing. • \$500,000 for supporting in-person interpreting in rural areas and legal communication access by the Commission for the Deaf and Hard of Hearing. 	<p><u>Meat Processing Infrastructure</u></p> <ul style="list-style-type: none"> • \$20 million to support the proposed meat packing plant in North Platte. • \$10 million to upgrade equipment and facilities at small to medium meat processors and conduct a dairy industry study.
<p><u>Behavioral Health Care Services</u></p> <ul style="list-style-type: none"> • \$28 million for access to behavioral health acute care beds in rural Nebraska and training and educational opportunities for the behavioral health workforce. 	<p><u>International Competitions</u></p> <ul style="list-style-type: none"> • \$500,000 for the purpose of awarding major sponsorship grants for international competitions to be hosted in Nebraska.
<p><u>Law Enforcement Training Center</u></p> <ul style="list-style-type: none"> • \$47.7 million to support the purchase of new land and expand the current facility to train additional law enforcement officers. 	<p><u>Climate Change Report</u></p> <ul style="list-style-type: none"> • \$150,000 to the University of Nebraska for updating the <i>Assessing Climate Change</i> report.
<p><u>Nonprofit Food Assistance</u></p> <ul style="list-style-type: none"> • \$20 million for grants to nonprofits providing food assistance. 	<p><u>Childcare Capacity</u></p> <ul style="list-style-type: none"> • \$4 million to support grants to expand or start childcare programs in areas of need. 

Water, Sewer, Broadband

<p><u>State Colleges Facility & Equipment Upgrades</u></p> <ul style="list-style-type: none"> • \$8 million to purchase equipment to assist healthcare professionals and upgrade campus drinking water and wastewater projects. 	<p><u>State Fair Sewer Upgrades</u></p> <ul style="list-style-type: none"> • \$20 million to assist the State Fair to improve their sewage system for storm drainage and assist in creating a new wastewater system.
<p><u>Wastewater System Projects</u></p> <ul style="list-style-type: none"> • \$8.1 million to address wastewater and sewage issues at Nebraska state parks. 	<p><u>Wyuka Cemetery Stormwater Project</u></p> <ul style="list-style-type: none"> • \$1.8 million for a stormwater project at Wyuka Cemetery in Lincoln.
<p><u>Reverse Osmosis Systems</u></p> <ul style="list-style-type: none"> • \$4 million for grants to small and rural communities to install reverse osmosis systems in community water systems where nitrates exceed 10 parts per million. 	<p><u>Water Transport Infrastructure</u></p> <ul style="list-style-type: none"> • \$20 million for grants for the design, construction, and implementation of water transport infrastructure for the Department of Natural Resources.
<p><u>Ft. Laramie-Gering Irrigation Canal</u></p> <ul style="list-style-type: none"> • \$23.1 million to repair collapsed irrigation tunnels. 	<p><u>Drinking Water Projects</u></p> <ul style="list-style-type: none"> • \$7 million for grants for rural drinking water infrastructure and distribution.
<p><u>Noxious Weed Controls</u> - \$2 million for grants to reduce or prevent populations of designated noxious weeds or invasive plant species.</p>	









Appropriations Committee Budget Adjustments



The Appropriations Committee budget adjustment proposal includes LB1011 – budget adjustment bill, LB1012 – funds transfer bill, and LB1013 – cash reserve transfer bill. LB1011, LB1012 and LB1013 the biennial budget adjustment bills made modifications to last year’s biennial budget and authorized additional cash reserve transfers to programs. The rainy-day fund had healthy reserves due to Nebraska’s economic resiliency during the pandemic and strong tax revenue collections. The budget bills also incorporated modifications to the Intern Nebraska program. These include expanded eligibility, increased grant awards, clarifying reimbursable expenses, requiring reporting, and providing for contracting with a nonprofit entity to carry out provisions.

Informing the committee’s proposal are the current financial and cash reserve status.


- Fiscal Year 2021-2022
 - Nebraska is up \$370 million in revenue collection estimates and is now expecting \$5.72 billion in total individual, corporate, sales and use and miscellaneous taxes.
 - This will result in a net \$775 million increase in available funds for this biennium. The Appropriations Committee’s proposed budget adjustment utilizes \$349.3 million of this net amount, leaving \$453.6 million above the 3% minimum reserve.
 - This amount, the \$453.6 million, is what is available for “A” bills or revenue reduction bills. Essentially, what is available for the floor of the Legislature to put toward enactment of legislation with a revenue impact.
- Fiscal Year 2022-2023
 - An additional \$405 million, for a total of \$5.96 billion in revenue collections, is now estimated for FY22-23.
 - The projected financial status for the following biennium shows a balance \$490 million above the minimum reserve. At that number, it would support additional budget actions averaging \$163 million per year.
- Beyond that in the “outyears,” things get a little harder to decipher.
 - Preliminary budget estimates were set at 0.7% revenue growth. The Governor’s budget recommendations estimated 3.5%, national forecast services range from 0.8% to 3.6%, and the 40-year historic average is 5.1%.
 - However, for purposes of the Appropriations Committee budget their estimate for “outyear” revenue growth is -2.4%. That estimate is obtained by using a “capped” historical average methodology to “smooth” out the revenue and estimate to ensure hitting that 5.1% historic 40-year average.
 - Because revenue growth in 2020-21 was 13.5% and 2021-22 was 10.6%, certainly somewhat impacted by federal funding assistance, to obtain that 5.1% historic 40-year average, the Legislative Fiscal Office projects that the “outyears” of 2023-24 and 2024-25 will be -2.4%.
- Cash Reserve Funds
 - Approximately \$1.035 billion has been or will be credited to the Cash Reserve Fund as the result of increased revenue collections and forecasts, bringing the unobligated balance in the fund to \$1.842 billion.
 - The Appropriations Committee proposed budget utilizes \$513 million, leaving an unobligated balance of \$1.329 billion.

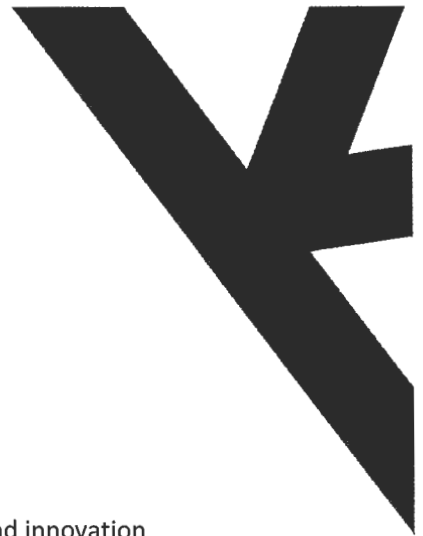
Proposed Cash Reserve Transfers

Proposal	Details	Amount
Nebraska Penitentiary Replacement	The additional funds needed to procure property, design, construct and develop a multi-custody correctional facility.	<ul style="list-style-type: none"> • \$175 million transferred to Nebraska Capital Construction Fund, but not the appropriation authority to expend those funds. • Note: Total cost of the project is expected to be \$270 million. \$66 million remains sequestered in the Nebraska Capital Construction Fund for this purpose.
Prison Overcrowding Contingency Cash Fund	Grants for reentry and restorative justice programming (LB1111) and apprenticeship programs (LB1197)	<ul style="list-style-type: none"> • Reallocates \$15 million in existing funding.
Perkins County Canal (LB1015)	Constructing a canal and associated storage facilities to divert water from the South Platte River to preserve Nebraska's water rights under a legal compact with Colorado.	<ul style="list-style-type: none"> • \$53.5 million • Note: Governor Ricketts had proposed a \$400 million cash reserve transfer and \$100 million from ARPA for this project.
 US SPACECOM/Offutt Air Force Base (LB1233)	\$50 million was previously committed to the cash reserve as part of an economic development proposal to attract US SPACECOM to Nebraska. Remaining funds would support profile promotion and various base enhancement projects.	<ul style="list-style-type: none"> • (\$20 million) Leaving \$30 million available • Note: Governor Ricketts proposed to reduce this amount by \$45 million and repurposed \$5 million from cash reserve and \$5 million from general fund to support the proposal.
 US Strategic Command (LB1232)	To build a U.S. Strategic Command Nuclear Command, Control and Communications public-private partnership facility.	<ul style="list-style-type: none"> • \$20 million
Trail Development (LB813)	Trail development by Nebraska Game and Parks along the designated national rail-trail route.	<ul style="list-style-type: none"> • \$8.3 million
 Rural Projects Act (LB1033/LB788)	Funds to build new rail-access business parks that benefit manufacturing, processing, distribution or transloading businesses.	<ul style="list-style-type: none"> • \$50 million
 Rural Workforce Housing (LB1071)	Grant program to address housing and workforce shortages in rural areas of Nebraska.	<ul style="list-style-type: none"> • \$30 million
 Middle Income Workforce Housing (LB1252)	Grant program to address housing and workforce shortages in urban communities in Nebraska.	<ul style="list-style-type: none"> • \$20 million
 Internships (LB1167)	Funds to enhance and build out Nebraska's InternNE program.	<ul style="list-style-type: none"> • \$20 million

<p>STARWARS (LB1023)</p> 	Utilize Nebraska water resources to create and upgrade recreational areas throughout the state.	<ul style="list-style-type: none"> • \$80 million • Note: The Appropriations Committee also recommended a \$120 million general fund appropriation for this proposal. Governor Ricketts had proposed \$150 million from general funds and \$50 million from ARPA for this project.
Surface Water Irrigation (LB1074)	Grants to Irrigation Districts for repair or construction of irrigation infrastructure.	<ul style="list-style-type: none"> • \$50 million
<p>Agricultural Innovation Facility (LB1011)</p> 	Creation of the Agricultural Research Service National Center for Regenerative and Resilient Precision Agriculture on the Nebraska Innovation Campus.	<ul style="list-style-type: none"> • \$25 million
Youth Rehabilitation and Treatment Center – Kearney (LB792)	New construction, renovation, and equipment replacement.	<ul style="list-style-type: none"> • \$15.58 million

General Fund and Cash Fund Budget Adjustments and Funds Transfers Out

Proposal	Details	Amount
<p>STARWARS</p> 	Utilize Nebraska water resources to create and upgrade recreational areas throughout the state.	<ul style="list-style-type: none"> • \$120 million • Note: An additional \$80 million from ARPA funds is also recommended for this proposal
Salary costs and 24/7 Public Health and Safety Positions	Labor agreement wage increases.	<ul style="list-style-type: none"> • \$62.9 million
Provider Rates	15% increases for Medicaid (Nursing/Behavioral Health), Behavioral Health Region, Developmental Disability, Juvenile Justice (Behavioral Health/Providers), Community Corrections (Behavioral Health)	<ul style="list-style-type: none"> • \$54 million
Medicaid	Medicaid Expansion, Medicare Part D Clawback and Medicaid Public Health Unwind	<ul style="list-style-type: none"> • \$55 million of carryover general funds from FY 2020-2021 due to the enhanced Federal Medical Assistance Percentage • \$21.6 million in funds expected to be returned by the Managed Care Organization
Community College State Dependents Fund	Pilot program for tuition reimbursement at community colleges for children of state employee	<ul style="list-style-type: none"> • \$500,000 in FY21-22 • \$1 million in FY22-23
Peru Levee	Assist Peru Levee which was damaged in the historic flooding of 2019	<ul style="list-style-type: none"> • \$5 million in FY22-23
Capital Construction Projects	8 projects including Capital HVAC, State Patrol Crime Lab, etc.	<ul style="list-style-type: none"> • \$23.8 million
Perinatal Quality Improvement Collaborative (LB782)	Funding increase to support delivery of and access to evidence-based health care for Nebraska mothers and babies.	<ul style="list-style-type: none"> • \$130,000 Health Care Cash Fund
University of Nebraska Pancreatic Research (LB766)	Establishment of a pancreatic cancer research center.	<ul style="list-style-type: none"> • \$15 million Health Care Cash Fund



NECHAMBER

Economic Recovery Act – LB1024

With an aligned vision to **Good Life Game Changer** priorities for infrastructure, workforce and innovation investments, **LB1024** directs significant ARPA, cash reserve and general funds to pandemic and economic recovery initiatives, much of it dedicated to North and South Omaha.

LB1024 distributes \$335 million dollars to assist with pandemic and economic recovery initiatives due to COVID, much of it dedicated to north and south Omaha. \$250 million of those funds from the federal ARPA funds, \$55 million from the state’s rainy day fund and another \$30 million in general funds over the next three years. The bill distributes these funds through programs focused on supporting infrastructure, workforce and innovation. The largest portion distributes funds through a grant process targeting qualified census tracts which are areas of the state where 50% or more households have incomes <60% of the area median gross income or a poverty rate of 25%+. But first, a committee will be established to develop an RFP process to determine what are the greatest needs.

LB1024 also specifies that the federal funds from the Coronavirus Capital Projects fund shall be divided and distributed between Nebraska’s three congressional districts and directs they be used multipurpose community facilities or broadband infrastructure project grants – no less than \$35 million the 1st Congressional District, no less than \$40 million to the 2nd and 3rd Congressional Districts.

Economic Recovery Act	
<p><u>Innovation Hubs</u></p> <ul style="list-style-type: none"> • \$30 million to innovation hubs to support small businesses and entrepreneurs. 	<p><u>Site and Building Development</u></p> <ul style="list-style-type: none"> • \$60 million for eligible projects in support of a North Omaha Industrial Park Project. 
<p><u>Qualified Census Tract Recovery Grants</u></p> <ul style="list-style-type: none"> • \$10 million for Lincoln • \$10 million for greater Nebraska • No less than \$90 million to North and South Omaha 	<p><u>Workforce Development</u></p> <ul style="list-style-type: none"> • \$6 million for internships in Omaha focused on crime prevention • \$1 million for financial literacy programs focused on improving economic and health outcomes 
<p><u>Workforce Housing</u></p> <ul style="list-style-type: none"> • \$20 million to prepare land parcels in Omaha • \$20 million for workforce housing grants to address labor shortages and attract workers in Lincoln 	<p><u>Tourism</u></p> <ul style="list-style-type: none"> • \$3 million for statewide tourism grants • \$5 million for lost revenue at the Lancaster County Event Center • \$5 million to develop a Chief Standing Bear film