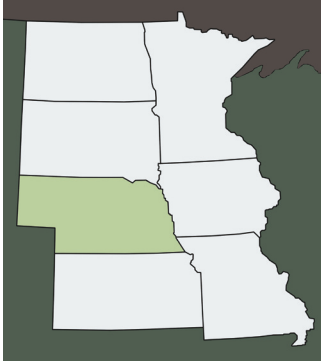


NEBRASKA Budget Report Card



NEBRASKA WAS ONE OF ONLY eight states to average an A in legacy costs for fiscal 2016 through 2018. Its annual contributions to its public worker pension system were in line with actuarial determinations, and the plan had 90.2 percent of the assets needed to meet promised benefits as of 2017—almost 22 percentage points over the US total. Because Nebraska offers minimal health benefits to public worker retirees, it does not face the long-term unfunded liabilities—or the need for advance funding—for postemployment costs that most other states do.

The state’s lowest mark was a C average in reserve funds. Nebraska failed to tie reserves to revenue volatility, and even though a cash reserve is mandated by statute, there are no clear guidelines for use of the funds.

While Nebraska’s mark in budget maneuvers fell to a B in 2018 from an A in 2016 and 2017, it averaged an A for the three years studied. The 2018 drop was caused by the use of \$61.2 million in one-time transfers to the general fund from special funds. They included \$15 million from the Roads Operations Fund, \$20 million from the Medicaid Intergovernmental Transfer Trust Fund, and \$9 million from the Game and Parks Capital Maintenance Fund. A few transfers were made in 2017, but they were not large enough to lower the state’s grade in the category that year.


WEST NORTH CENTRAL STATES SIDE BY SIDE: Three-Year Average Grades, 2016-18


	BUDGET FORECASTING	BUDGET MANEUVERS	LEGACY COSTS	RESERVE FUNDS	TRANSPARENCY
Iowa	C	A	A	B	C
Kansas	D	D	D	D	B
Minnesota	B	A	D	A	B
Missouri	D	A	C	B	C
Nebraska	B	A	A	C	B
North Dakota	D	B	D	A	C
South Dakota	B	B	A	B	B
US AVERAGE	C	B	C	B	B


NOTE States are grouped by US Census Bureau divisions.


Average grades are based on annual numerical scores. For more information, download *Truth and Integrity in State Budgeting: Preventing the Next Fiscal Crisis* at VolckerAlliance.org.


NEBRASKA Budget Report Card

BUDGET FORECASTING					
		2016	2017	2018	
	CATEGORY GRADE	B	B	B	
	Consensus Revenue Forecasts	✓	✓	✓	
	Multiyear Expenditure Forecasts	✗	✗	✗	
	Multiyear Revenue Forecasts	✓	✓	✓	
	Revenue Growth Projections	✓	✓	✓	
3-YEAR AVERAGE B			3-YEAR TREND —		

BUDGET MANEUVERS					
		2016	2017	2018	
	CATEGORY GRADE	A	A	B	
	Deferring Recurring Expenditures	✓	✓	✓	
	Revenue and Cost Shifting	✓	✓	✗	
	Funding Recurring Expenditures with Debt	✓	✓	✓	
	Using Asset Sales and Up-Front Revenues	✓	✓	✓	
3-YEAR AVERAGE A			3-YEAR TREND ↘		

LEGACY COSTS					
		2016	2017	2018	
	CATEGORY GRADE	A	A	A	
	Public Employee OPEB Funding	✓	✓	✓	
	Public Employee Pension Funding	✓	✓	✓	
	Public Employee Pension Funded Ratio*	89%	90%	90%	
3-YEAR AVERAGE A			3-YEAR TREND ↗		

RESERVE FUNDS					
		2016	2017	2018	
	CATEGORY GRADE	C	C	C	
	Positive Reserve or General Fund Balance	✓	✓	✓	
	Reserve Funds Disbursement Policy	✗	✗	✗	
	Reserve Funds Replenishment Policy	✓	✓	✓	
	Reserves Tied to Revenue Volatility	✗	✗	✗	
3-YEAR AVERAGE C			3-YEAR TREND —		

TRANSPARENCY					
		2016	2017	2018	
	CATEGORY GRADE	B	B	B	
	Consolidated Budget Website	✓	✓	✓	
	Provides Debt Tables	✓	✓	✓	
	Discloses Deferred Infrastructure Replacement Costs	✗	✗	✗	
	Discloses Tax Expenditures	✓	✓	✓	
3-YEAR AVERAGE B			3-YEAR TREND —		

KEY

✓	Followed best practice
✗	Did not follow best practice

BUDGET FORECASTING evaluates whether and how states estimated long-term revenue and expenditure trends. **BUDGET MANEUVERS** evaluates whether states used one-time revenues, borrowings, asset sales, and other measures to achieve short-term budgetary balance. **LEGACY COSTS** evaluates whether states provided adequate funding, as defined by retirement system actuaries, for pensions and other promised retirement benefits for public workers. **RESERVE FUNDS** evaluates states' rainy day funds and other fiscal reserves, as well as any policies governing their use and replenishment. **TRANSPARENCY** evaluates the accessibility to the public of states' budget practices.

* **SOURCE** Bloomberg; 2017 data also used for 2018.