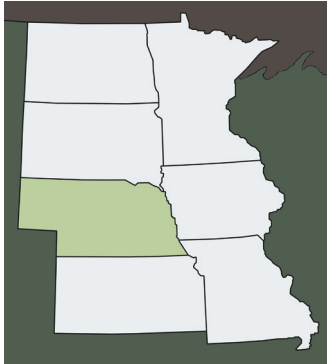


NEBRASKA Budget Report Card



WITH NO STATE GENERAL OBLIGATION or revenue debt outstanding, Nebraska has taken a cautious approach to its public purse that has won it mostly high average budgetary grades for fiscal 2015 through 2019.

In legacy costs, Nebraska’s 93 percent pension funding level as of 2019 and its consistent use of actuarially determined contributions helped the state earn a top A average for the period. Nebraska was one of only eight states with a pension funding level over 90 percent. To ensure adequate contributions, Nebraska rules require that any annual appropriation less than the actuarial recommendation be made up the following year. The state’s minimal retiree health coverage has left it with zero unfunded other postemployment benefit (OPEB) liabilities.

While it allows retirees under the age of 65 to remain in the state health plan, it does not offer health benefits to retirees over that age.

The state also averaged an A in budget maneuvers because of its general avoidance of one-time actions to achieve balance. It did, however, move about \$50 million from special funds, including the Department of Insurance Cash Fund, into the general fund in 2018 and 2019. Along with cuts in appropriations, the cash shifts were made in the face of unexpectedly low revenue growth rates.

Nebraska’s lowest grade was a C average in reserve funds. While state policy keeps its reserve replenished by requiring that revenues exceeding a certified estimate be deposited in the Cash Reserve Fund Nebraska lacks similar formal policies for disbursing reserve dollars. It did dip into the account in 2018 and 2019 to close revenue shortfalls.


WEST NORTH CENTRAL STATES SIDE BY SIDE: Five-Year Average Grades, Fiscal 2015–19


	BUDGET FORECASTING	BUDGET MANEUVERS	LEGACY COSTS	RESERVE FUNDS	TRANSPARENCY
Iowa	C	A	A	B	C
Kansas	D	D	D	D	B
Minnesota	B	A	C	A	B
Missouri	D-	A	C	B	C
Nebraska	B	A	A	C	B
North Dakota	D-	B	D	A	C
South Dakota	B	A	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: Preparing for the Storm* at VolckerAlliance.org. © 2021 VOLCKER ALLIANCE INC.


NEBRASKA Budget Report Card, Fiscal 2015–19

BUDGET FORECASTING							
		2015	2016	2017	2018	2019	TREND
	CATEGORY GRADE	B	B	B	A	A	'15 '16 '17 '18 '19
	Consensus Revenue Forecasts	✓	✓	✓	✓	✓	● ●
	Multiyear Expenditure Forecasts	✗	✗	✗	✓	✓	● ● ●
	Multiyear Revenue Forecasts	✓	✓	✓	✓	✓	
	Revenue Growth Projections	✓	✓	✓	✓	✓	
		5-YEAR AVERAGE B					

BUDGET MANEUVERS							
		2015	2016	2017	2018	2019	TREND
	CATEGORY GRADE	A	A	A	B	B	'15 '16 '17 '18 '19
	Deferring Recurring Expenditures	✓	✓	✓	✓	✓	● ● ●
	Revenue and Cost Shifting	✓	✓	✓	✗	✗	● ●
	Funding Recurring Expenditures with Debt	✓	✓	✓	✓	✓	
	Using Asset Sales and Up-Front Revenues	✓	✓	✓	✓	✓	
		5-YEAR AVERAGE A					

LEGACY COSTS							
		2015	2016	2017	2018	2019	TREND
	CATEGORY GRADE	A	A	A	A	A	'15 '16 '17 '18 '19
	Public Employee OPEB Funding	✓	✓	✓	✓	✓	● ● ● ● ●
	Public Employee Pension Funding	✓	✓	✓	✓	✓	
	Public Employee Pension Funded Ratio*	91%	89%	90%	90%	93%	
		5-YEAR AVERAGE A					

RESERVE FUNDS							
		2015	2016	2017	2018	2019	TREND
	CATEGORY GRADE	C	C	C	C	C	'15 '16 '17 '18 '19
	Positive Reserve or General Fund Balance	✓	✓	✓	✓	✓	
	Reserve Funds Disbursement Policy	✗	✗	✗	✗	✗	
	Reserve Funds Replenishment Policy	✓	✓	✓	✓	✓	● ● ● ● ●
	Reserves Tied to Revenue Volatility	✗	✗	✗	✗	✗	
		5-YEAR AVERAGE C					

TRANSPARENCY							
		2015	2016	2017	2018	2019	TREND
	CATEGORY GRADE	B	B	B	B	B	'15 '16 '17 '18 '19
	Consolidated Budget Website	✓	✓	✓	✓	✓	
	Provides Debt Tables	✓	✓	✓	✓	✓	● ● ● ● ●
	Discloses Deferred Infrastructure Replacement Costs	✗	✗	✗	✗	✗	
	Discloses Tax Expenditures	✓	✓	✓	✓	✓	
		5-YEAR AVERAGE B					

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.

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