Rainy Day Fund Changing Demographics Brief

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This brief examines two pressing concerns of the Planning Committee of the 105th Nebraska Legislature: 1. Rainy day fund balance and 2. Changing demographics of Nebraska.

### Rainy Day Fund Balance

Over the past several years, Nebraska has had lower than expected revenues. One response to budgeting during periods of fiscal distress is to draw down fiscal reserves, or “rainy-day” funds. Such a draw down of funds can be seen in the balance of Nebraska’s rainy day fund in fiscal year 2018.

**Nebraska rainy day fund balance**

*Millions of $s*

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Nebraska Rainy Day Fund Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2003</td>
<td>132</td>
</tr>
<tr>
<td>FY 2006</td>
<td>56</td>
</tr>
<tr>
<td>FY 2009</td>
<td>676</td>
</tr>
<tr>
<td>FY 2012</td>
<td>721</td>
</tr>
<tr>
<td>FY 2015</td>
<td>87</td>
</tr>
<tr>
<td>FY 2018</td>
<td>24</td>
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</tbody>
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In **Fiscal Year 2018**, the rainy day fund balance as a percent of general fund expenditures is close to the U.S. median. However, the rainy day fund balance is critical for Nebraska because of constitutional limitations on debt.

### The Changing Demographics of Nebraska

The ratio of working age to aging adults was 6:1 in 1950, **5:1 in 2010** and is expected to be **3:1 by 2050**.

### Racial and Ethnic Minority Populations in Nebraska

% of total Nebraska population, 2017 break down

- **Latino**: 11.0%
- **Black**: 4.8%
- **Asian/Pacific Islander**: 2.6%
- **Two or more races**: 1.2%
- **American Indian**: .8%

Source: Pew Research Center “Fiscal 50: State Trends and Analysis, Reserves and Balances”
Nebraska is losing about 2,000 people a year to other states. About 4,000 persons from international locations come to Nebraska each year. In 2017, 1.2 million live in 12 metro counties and 1.1 million live in 5 counties. The changing demographics of the United States is losing about 2,000 people a year to other states. About 4,000 persons from international locations come to Nebraska each year.

64% of Nebraskans have some higher education which results in higher salaries. Nebraska mean household income for the two lowest quintiles is above the U.S. means. The 3rd through highest quintiles are below the U.S. means.

Median Annual Earnings
- Less than high school graduate: $23,176
- High school graduate: $29,224
- Some college or associate's degree: $33,437
- Bachelor's degree: $45,340
- Graduate or professional degree: $59,474

65% of Nebraskans will live in a metro county by 2020. Of Nebraskans work 1.1 million full-time.

The Changing Demographics of Nebraska

Source: U.S. Census Bureau: Population projections by Center for Public Affairs Research.

The flow within NE consists of about 64% of Nebraskans have some higher education which results in higher salaries.