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>Year</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2003</td>
<td>192</td>
</tr>
<tr>
<td>FY 2006</td>
<td>59</td>
</tr>
<tr>
<td>FY 2009</td>
<td>576</td>
</tr>
<tr>
<td>FY 2012</td>
<td>315</td>
</tr>
<tr>
<td>FY 2015</td>
<td>721</td>
</tr>
<tr>
<td>FY 2018</td>
<td>832</td>
</tr>
</tbody>
</table>

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**

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

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: 0.8%

Source: Pew Research Center "Fiscal 50: State Trends and Analysis, Reserves and Balances"
64% of Nebraskans have some higher education, which results in higher salaries and U.S. mean household income by quantile for region. Highest quintiles are above the U.S. mean. The 3rd through 6th quintiles are below the U.S. mean. The 3rd through 6th quintiles are below the U.S. mean.

Nebraska mean household income for the two lowest quintiles is above the U.S. means. The 3rd through 6th quintiles are below the U.S. means.

65% of Nebraskans will live in a metro county by 2020.