

Here is a quick note from Michelle Waite, Assistant to the Chancellor for Community Relations:

Good afternoon HHE members!

Now that hearings have concluded, the Unicameral is in full swing with all day debate. At this point in the session individual senator priority bills are being debate with occasional discussion on speaker and committee priority bills.

Another issue that has had a significant impact on our recent legislative session(s) is the release of the latest Economic Forecasting Board figures. These figures, based on projections of economic activity, are estimates that are closely watched and provide the necessary information for our policy makers to make decisions on our state budget. Appointed by the Legislative Council or Governor, each member of the board is considered to have expertise in the field of tax policy and economics. The board meets twice during an even number year and three times during an odd numbered year.

The forecasting board met last Friday and reduced projected state revenues for the 2009-2011 biennium (a two year budget cycle) by an aggregate \$31.5 million. They reduced the 2010 fiscal year estimate by \$40 million and increased the next year estimate by \$8.5 million from what had been predicted in October.

It is too early to predict whether the Appropriations Committee will feel a need to take actions this session to reduce the budget by that amount. They do not have a legal obligation to balance the budget at this time and there still remains a significant amount in the cash reserve to make up the difference. That being said there may be political pressures to act sooner rather than later.

It is interesting to note that the forecasting board came in with an estimate considerably below that recommended by the two professional estimating services. The average estimate recommended by Global Insight and Fair, as interpreted by Legislative Fiscal Office and Nebraska Department of Revenue was a net reduction of \$30 million for fiscal year 2010 and a net increase of \$98 million for fiscal year 2011. That means the Forecasting Board was \$100 million more conservative in its forecast that was the average of the professional forecasting services.

Thank you for your continued interest in the impact our policy makers and their decisions can have on our University!

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