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LB 585

SENATOR KOCH: Now our position historically since I have been here is what? Underestimating, has it been that generally true?

SENATOR WARNER: Well, not in recent years. That was true early on but that was primarily in my opinion that the inflationary rate was running far greater than they were projecting. I think the current receipts are projected with a more realistic inflation factor.

SENATOR KOCH: One further question, Senator Warner. When you picked the figure of \$590 million and you did it based upon a mild recession, a deep recession and a consensus, is that correct? And you took the more conservative figure for the budget?

SENATOR WARNER: No. The figure that is used is the so-called consensus figure, that was \$592 million. The near recession, which if you read the narrative is what every one predicts, was \$588 million and so we are \$2 million more conservative I guess you would say than what this so-called consensus figure is but we did not go to the near recession which is virtually what everyone nationally predicts and the reason we did not pick that figure was because of the normal, at least, one quarter lag that the state has before the impact of a national recession is felt here.

SENATOR KOCH: Thank you. With those questions, I am still going to ask this body to seriously consider Senator Keyes' proposal. For the first time with the eminence of 285 or LB 1, when you give the schools additional money, there is going to be a corresponding decrease in the property tax call because that is what the lid bill is all about. If we give them a 7% increase in their money, there will be a corresponding 7% decrease in property tax call. That is guaranteed. I have also heard some rumors around here, and I generally don't pay too much attention to rumors. It reminds me a lot of the discussions we have with Tax Commissioners before and some of the leaders of this body in terms of the financial capabilities of the State of Nebraska about recessions, and yet our unemployment is generally 2½% or less in the state compared to national. But what I am saying to you is that \$10 million is not unreasonable. This would go out on foundation. That means that the estimated number of students next year, a little over 300,000, that that is \$30 a student in addition to presently the amount of money we are putting in foundation under 757, the bill we enacted before we left last session. The present state aid bill, as you know, is completely swamped. There