

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE
Transcriber's Office

May 18, 1999

LB 881

PRESIDENT MAURSTAD: Senator Wickersham.

SENATOR SCHIMEK: What is it?

SENATOR WICKERSHAM: Econometric.

SENATOR SCHIMEK: Econometric...

SENATOR WICKERSHAM: Um-hum.

SENATOR SCHIMEK: ...study, and you said, I believe, and I wanted to make sure that people heard that, that those projections might not be quite as rosy as some of the other projections we've heard, and I'd like you to refresh my memory. I think you said that it could be possibly up to \$172 million short. Would you...would you explain a little more?

SENATOR WICKERSHAM: Okay. If you look at your agenda sheet and the status sheet, you'll see projected revenues out in three...year three and year four. Those projected revenues are derived from a long-term average growth in state...in funds, and then that growth is applied to the base. That's the way you get to those...

PRESIDENT MAURSTAD: One minute.

SENATOR WICKERSHAM: ...numbers. Those numbers are higher than the numbers that are indicated by the econometric models that we use for both our near and long-term estimates there. Now, at the third and fourth year, they aren't forecast numbers. They're just projections because they've not been adopted by the Forecasting Board. They aren't, quite frankly, extremely reliable. They are subject to a considerable amount of variation. But the fact of the matter is that the results from those econometric models, and there are two of them, WEFA and DRI, are below what the 15-year average number indicates and they are below on the high end, \$55 million, and I know "high" is...sounds like it's in reverse, but 55 and \$172 million. It is...

SENATOR SCHIMEK: Thank you.