From: salem_update-bounces@lists.oregonstate.edu on behalf of Mills, Jock
To: CAS DeanStaff; CAS Unit Leaders; Salem Update Listserv
Subject: [Salem Update] Revenue forecast shows continuing declines . . .
Date: Friday, May 15, 2009 10:00:50 AM
Attachments: ATT2191771.txt

From what I can tell, here are the relevant numbers:

For 2007-09 biennium: Revenues are projected to be down an additional $260 million from the last forecast -- down a total of $1.3 billion from the May 2007 forecast that was used to set the budget for the current biennium. After adjustments for several new laws related to expenditure cuts and revenue increases, the May forecast results in a negative ending balance of $351.3 million for the current biennium. The legislature will need to balance the budget by the end of June. Reserves that projected to be available to balance the current biennium include:

Rainy Day Fund: $337 million
Ed Stability Fund: $394

Using these funds will require a supermajority vote of each chamber (2/3's). In addition, the statute that established the Rainy Day Fund last session did not contemplate its use in the current biennium.

Federal Recover Act funds may also be used to balance both the current and next biennia.

For 2009-11 biennium: The May forecast shows an additional fall of $532 million from the last forecast. From what I can tell, General Fund Revenues available for 09-11 biennium will be: $12.5 billion. For the sake of comparison, the legislature was relying on a projection of $13.9 billion in GF revenues two years ago when it set the current biennial budget.

It is premature to contemplate what percentage reductions in higher education budgets will result from today's forecast. I will likely provide more detail in the coming days as reactions to the forecast emerge.

The Governor is due to deliver a speech today to the Portland City Club that may indicate a number steps that will be taken to both balance the current biennial budget, as well as the next one.

Here's a link to the forecast for details:
http://www.oregon.gov/DAS/OEA/economic.shtml#Most_Recent_Forecast

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