

credit goes, which is still stuck on General File, but if that goes to go up to \$23, that is a revenue reduction, and if that goes, then we are going to be talking about plus this \$10 million a 3.37% reserve. Now those of you that were here three or four years ago can recall the difficulty we got into in maintaining cash flows when we were getting down to a 3%, and in some cases below that, but when we were trying to operate with a 3% reserve. In these times that near recessions are still being predicted, to get down that low makes absolutely no sense from the state's point of view. Secondly, there is no question in my mind if we do this that it will necessitate a tax rate adjustment in November, and the reason I say that is that by reducing reserve \$10 million, you also are reducing by \$10 million the beginning balance for July 1 of 1980. In addition, you are putting in an additional \$10 million. You are adding \$10 million to the state's continuation budget so the real effect of this amendment is a \$20 million impact on next year, half a reduction in the reserve or the beginning balance and half an increase of \$10 million on the continuation budget. And there is absolutely no question but what that will adjust and affect rates. There is no way under the sun that we can handle that. Now if we want to make a \$30 million or \$35 million increase to the schools, personally I could support that just as I took the position of supporting a one shot deal of taking over medicaid payments. If you are going to impact rates, then impact them, in any event, then impact them at a level so the benefit of what those changing source of funds, the benefit of reduced sales or increased sales-income tax and reduced property tax is at a large amount enough funds that there is a beneficial impact. \$10 million will have no impact in terms of any identifiable impact on property taxes statewide. It will be about a mill and a half but they will have a very definite impact upon the increase in the sales-income tax rates or at least income tax for next year. I would strongly urge that we do not utilize that reserve. Everything we have seen is indicating that a near recession is still possible. There has been no change that I am aware of, at least, in the Chase Econometric projections that indicate anything differently. I am not aware of any governmental agency, federal agency, that is not predicting a similar probability of a near recession in the second quarter of the next fiscal year and that impact will probably hit Nebraska the following quarter if what normally occurs will occur again. Again it is not easy for me to talk against increasing state aid to schools, and as I have indicated, it is easy for me to support it if it is done at a level that is high enough to have a beneficial impact but