

one of the questions that I think obviously we have all been asking deals with, as you look at appropriations you have to look at the question of revenues as I'm sure you know I and other senators have had questions about the revenue projections that were done in June. There were questions that I asked extensively in the Monday morning appropriations committee of Fred Herrington and Don Leuenberger. Due to limitations of time it was not possible to pursue that question at a greater length in the Appropriations Committee but it was Senator Lowell Johnson who suggested that perhaps Fred Herrington could share further information with me if I would make the request of him. Mr. Herrington agreed to Senator Johnson's suggestion and I picked up on it and yesterday morning spent some time with Fred Herrington, in his office, looking through files and information with regards to the June projection. Let me say that Fred Herrington was more than gracious and more than cooperative. Looking through the information there are numerous things in revenue projections, but one of the more interesting, I thought, were notes taken by Department of Revenue staff in a meeting with the governor's budget staff dated May 11th, and I have handed out one sheet to you with regards to those notes, that at least provide to me some insight of where the Governor knew we would be with regards to the fiscal situation. If you look at this sheet it is very similar to what Senator Warner puts on the back of the green sheet and if you look across the top it says, Governor, Committee and Now, now meaning May 11th, this is before the Governor begins his vetoes. The most significant numbers there is the top one, the beginning balance, one further down called new revenue. When the Governor gave his address in January he expected a beginning balance July 1, of 35 million and he expected new revenues in this fiscal year of 721 million. If you look at where it says "Committee - Appropriations Committee" those are the numbers that even in May for official purposes the Legislature was using in its appropriations. But, on May 11th the Revenue Department had indicated to the Governor that the beginning balance would probably be only 20 million and although there would be a few additions in some areas, the new revenue would drop to only 713 million about a 23-24 million dollar drop in expected revenues from what the Governor thought in January. Now that in itself is no problem in the sense that if revenue changes the Department of Revenue certainly should inform the budget office. The problem is the information stops there. It was not shared with this