

agency, but cut another program deeper in order to still get that 3 percent or whatever percentage you're arriving at, in. I guess maybe that's enough general things. The broad position that the Appropriations Committee took, as you well know, we started on the assumption which at the moment is still valid, that there would be no increase in revenue and what would need to be done in the way of reduction of budgets in order to not only meet the financial shortfall for the current year, but lessen the problems that the state would be facing in the '86 regular session. I think the majority of the Committee feels, or perhaps all, feel very strongly that it would not be wise to attempt to solve the short term problem by pushing them all into 1986. For broad comparisons, both the Committee's figures and the Governor's figures assumes 100 percent accuracy for the current revenue projections. The differences in the figures that we're using is in two areas. One is in the Governor's handout that you've seen earlier. There is no allowance for any deficits during '86 session. We have an allowance of \$8 million for deficits. It is about the equivalent of 1 percent of revenue. The Governor has a 1.5 percent allowance for reserve, nothing for deficits. Now the reason we need to do deficits is that we know that there is at least 5.5 million approximately locked in now. Four million of that is for special education and approximately a million is for homestead exemption which is the homestead exemption for retired and elderly disabled and then we know that there will be some other deficits that may come in. The other significant difference, I already mentioned, is the Governor has 1.5 percent reserve. We're using 3 percent. Now the 3 percent reserve or whatever the reserve is, rather than be called reserve, you should think of it as the beginning balance for the '86-87 fiscal year and whatever is not in the beginning balance, how small you make that, will directly affect what has to be done in '86-87. The Committee has also taken the position that we ought to anticipate a 5 percent reserve for next year's budget. That is not this year's, next year's, because if the economy continues to be sluggish, that in order to have a greater likelihood of avoiding a similar situation this year, as we have had this year, next year, we had better be thinking in terms of a 5 percent reserve when the Legislature adjourns next year. And of course whatever beginning balance we start out with eases the problem of having that reserve on hand for the '86-87 budget. I think that's the general remarks. There is being prepared,