

for the Legislature to consider. In trying to develop a budget we obviously, as you know, look at the projection board's recommendations through the next biennium and then we have for the last couple of years now projected beyond into the next biennium, assuming about a 5 percent growth and handed out this morning to you was a...what will after this be a part of the agenda sheet with a daily total of the financial status of state government as appropriations are considered and various legislation is enacted. But our concern was that knowing that we have a substantial reserve at the moment, that a plan be considered which would lower that reserve over time without forcing an unintended tax increase should those reserves be inadequate because of changes in the economy that could occur. So we wanted to keep the reserve at a reasonable level. If you have read the book that was put out, and I suspect you have, you would notice some reference to a study that was done recently just last year by Minnesota where they recommended a 5 percent of their biennial budget should be in reserve. In addition they had another reserve fund that they also had the funds in plus they had the ability to borrow short term under their Constitution to meet the changing economic conditions. So the whole proposal as it is laid out is...includes conceptually the desirability of maintaining a necessary reserve should we have any reversals economically for whatever reason and, secondly, to bring down that current reserve balance that we have at a gradual level in order that growth in the budget could...would not deplete it so fast as to create a financial problem a year or two or three from this time. It's best one could plan. With that general explanation, Mr. President, I would now renew the request to make, for unanimous consent that each member of the committee would have the opportunity to briefly describe the highlights of agencies that are assigned to them. If there is not objection, Mr. President, I would proceed on that basis.

PRESIDENT: Are there any objections to the procedure as outlined by Senator Warner? And, of course, this means that they will be allowed additional time contrary to our rules somewhat. Is there any objections? Senator Warner, there are no objections.

SENATOR WARNER: Thank you, Mr. President. The question was asked, each senator is going to give the agencies assigned and as we do that, perhaps each of us can indicate the page number in the report as we are speaking that covers that agency. I will briefly touch on seven or eight agencies, the first one of