

1 maximum amount of money you can spend and, by its very
2 nature, you can't spend every penny of it. At the same
3 time you have to estimate revenues conservatively, because
4 if we have a failure of revenue, that is, if money doesn't
5 come in to the extent we estimate, it is very embarrassing
6 because we cannot pay our bills. So, we tend to be con-
7 servative in our revenue estimates intended to provide cash
8 really owed, and it is almost impossible to avoid surpluses
9 under such conditions, but we have got to do that because
10 we have got to have enough money to pay our bills; but it
11 does create a considerable political problem.

12 I would advocate a system of what New York State
13 calls Tax Stabilization Reserves and what I call Working
14 Capital Reserves. This system requires a constitutional
15 base to make it work. It involves establishing a reserve
16 fund large enough to provide working capital and also to
17 meet any reasonable deficit from future operations. Under
18 that system it is possible to estimate your revenues as
19 accurately as possible and to estimate actual cash require-
20 ments from appropriations and there is no fear that you
21 are going to end up not being able to pay your bills because,