

April 30, 1993

those Medicaid changes not occurred we would have been \$60 million to the good and so I mean that is...and when we talk about Medicaid being one of the primary reasons that we have problems, that is just a good example of it. You know as we deal with this biennium, the budget gap in this biennium and the future bienniums, it's just one of those things that portion of our budget continues to grow. If you look on page 4 you'll see what those major entitlement programs, there's a percentage of General Funds, what they're doing and just to give you a little more reference, that's in the future, that's from '91-92 on, where that entitlement program portion of our budget went from 18 percent to the end of this biennium it's going to be 26 percent. If you go back to '87-88, that was only about 17 percent. As that continues to grow at an ever increasing clip I think you need to be aware of, you know, one thing there has been a lot of talk about state operations, how it has grown and you will see...if you go back, if you go all the way back to '67-68, the operations component of our budget was 80 percent of our budget and you can see that that was just the operations component of the budget. This year actually the operations component of the budget is 40 percent. By the end of the biennium it's going to be 39 percent. And so the operations, which includes the operations of the state higher education, it's a far cry from what it was 20 years ago. It's a far cry from what it was 10 years ago as aid to local governments and entitlement programs continue to consume an ever-increasing portion of the budget. As has been talked about publicly, this package, this total package of the committee is a package that we have presented to the body that balances without any revenue increases for the upcoming biennium. It is \$10 million a year lighter than the recommendation given to us by Governor Nelson four months ago. Actually that's because there is \$20 million worth of reductions a year in this budget and it's one of those things that, as we've said before, we develop our preliminary budget, we develop a budget that are not assuming revenue increases and we give this budget to the floor, once again, we are not assuming revenue increases. A lot of questions have been asked, well, how come that big bad Appropriations Committee keeps talking about cutting the budget and the original Governor's recommendation did not? Well, the difference there is obviously the assumptions that administration made in revenue and obviously this body will have to make some choices of its own in the next month as to how we're going to deal with that and eventually we will. That 20 million reduction is kind of in four major areas, 7.2 million of it is in higher education,