

1 MR. DONAHO: In other words, you purposely
2 overbudget?

3 DR. SENSENBAUGH: Not necessarily. We use the
4 figures and we even refine the figures that the State
5 Department issues.

6 THE CHAIRMAN: It's like a power company. They
7 have to have a reserve, as a power company does. You figure
8 ten per cent in reserves.

9 DR. SENSENBAUGH: You don't do that unless it
10 is justified when the time has come to spend it, and that
11 is not until the end of the year. I would assume that
12 under the other program that he has advocated, that if you
13 didn't have a formula and you didn't have as many children
14 show up as you anticipated, you could still turn the
15 money over to the local units to spend and you would have
16 no surplus?

17 MR. DONAHO: No. What you do with it is it
18 goes back to the Governor's Contingency Fund and, in this
19 case, there is a \$500,000 contingency.

20 DR. SENSENBAUGH: This is dangerous.

21 MR. DONAHO: In many States, the Governor sits