

MEMO

TO: Governor

FROM: PEK

DATE: February 20, 2002

RE: Rainy Day Fund

CC: Renick, Gavin, Boyd, Sewell, Prospere, and Hale

Here are two options on the \$17 million left in the Rainy Day fund:

- 1) Leave the money in the fund. If we are questioned the response would be that we are doing the fiscally conservative thing. Although we are confident that our numbers are correct, in case things get worse we want to have this money to prevent any more cuts to the education budget at the end of the year. This is the last money that the Governor has control over and we cannot depend on the legislature.
- 2) Have DFA transfer the money to the Education. If we are asked, it has always been part of our plan to do so it was just delayed by paper work.

We all agree that the first option is the best.