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# MESSAGE

by

GOVERNOR STEVE McNICHOLS



SECOND SESSION OF THE  
FORTY-SECOND GENERAL ASSEMBLY  
OF THE STATE OF COLORADO  
AT DENVER

JANUARY 13, 1960

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*Governor Steve McNichols*



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GOVERNOR STEVE McNICHOLS

SECOND SESSION OF THE  
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## INTRODUCTION

Mr. President, Mr. Speaker, Reverend Williams,  
Honorable Senators and Representatives,  
Distinguished Guests, My Fellow Citizens:

Although my appearance before you today is a Constitutional and traditional responsibility, I want to extend to you my personal welcome as well as to report to you on the accomplishments of the year just passed and to recommend to you actions for the year just beginning.

Before proceeding to my report, I want to pay tribute to a most distinguished Colorado citizen whose untimely death in December removed from this State and this Nation a wealth of wise and experienced counsel. On the federal bench, before the bar, in countless civic and public responsibilities, and in all three branches of this State government, the long and varied career of William Lee Knous was characterized by kindness, integrity and quiet competence. We have all been enriched by the privilege of having known and worked with this able and thoughtful man. I know that you join me in extending to his family our sincere regrets at his passing.

I share with you, too, profound regrets at the death of the Honorable Rockard Finley, Representative and Senator in this body since 1956. His conscientious service to his district and to our State is a landmark of integrity and devotion. With you, I am most happy to welcome his wife and successor—the Honorable Thelma Finley—whose contributions to this General Assembly and to the welfare of this State have already begun.

## REVIEW OF ACHIEVEMENTS

During this past year, the Executive branch has been able to carry to completion a number of the significant programs which you authorized. Also, it has started new programs, several of which are to a considerable extent the product of the joint plan-

ning and cooperation which has marked the relationships between the Executive and Legislative branches in recent years. In this connection, I must extend my thanks to you and congratulate you for the patience and mature consideration which you have given to these programs and which has assured their effectiveness.

Even a partial review of those policies and programs which have been instituted as a result of your actions are encouraging to the citizens of this State who expect sound and effective programs from us.

Recently you were given a printed copy of the Colorado Tax Study. That study—the most comprehensive ever undertaken in this State—and perhaps in any state—has already led to sound tax reforms, your concerted action on which so commendably marked your first regular session.

Through legislation passed by you last year, we have employed the first Director of the new Department of Natural Resources, through whose office the State's efforts in integrating and coordinating the management of our wealth of natural resources has already begun.

The new Department of Rehabilitation has been created in response to legislative action taken in 1959, and is busy with the expansion of the rehabilitative efforts which must increasingly mark our institutional programs.

The Anti-Defamation League of the B'Nai B'rith commented more authoritatively than I can in making its award to the Colorado General Assembly for being the first state legislature in the Nation to consider and to pass fair housing legislation.

By your ratification of the Western Interstate Corrections Compact, Colorado has joined with eight other Western states in plans for common corrective and rehabilitation centers. The facilities envisioned under this pact could not have been supported by any one of the participating states, individually.

I should like to express my particular thanks to the members of the Colorado Centennial Commission, to its Chairman, Thayer



Tutt of Colorado Springs, to the members of the Commission's sub-committees, and to the thousands of volunteers who all gave unstintingly of their time and talents to the successful celebration of the "Rush to the Rockies."

The benefits from this largely voluntary celebration will last for years, not only in a marked increase in tourism but in a greater awareness on the part of all of us, and of our children, of the traditions and heritage of our colorful past. I believe it is significant that our State Historical Society and local societies established three new museums on a permanent basis—at Pueblo, Saguache and Steamboat Springs—during the Centennial Year.

## PROPOSED PROGRAMS

### MENTAL HEALTH

Our accomplishments have been significant. Yet we face pressing problems that must be solved. Perhaps the most urgent of all is the mental health and treatment program of our State.

Just last week you heard Dr. William Menninger on this vital subject. We can be thankful that such a world-reknowned authority in mental health was available to us. Dr. Menninger reviewed and corroborated the findings of various groups within our own State. His appearance certainly dramatized, and in many ways crystallized, the efforts and the progress that we have made.

Certainly we could not—or at least should not—spend large sums of money on **any** of our institutions unless we know how such outlays will fit into our total program.

### Studies Made

Two years ago, at my request, a team made up of United States Public Health Service experts came to Pueblo to evaluate our mental health program with particular attention given to the State Hospital. On the basis of this report, I appointed an *ad hoc* Mental Health Committee, which did an outstanding job of reviewing the State Hospital situation. Other excellent studies have been made by the State Planning Division, by the State

Public Health Department and by the Public Policy Committee of the Colorado Medical Society. On the basis of these studies, and as a result of the meetings held in connection with these studies, substantial agreement has been reached among experts as to Colorado's immediate and long-range programs in the field of mental health.

Now we are ready to take action, with the assurance for the first time in history that legislators, the Medical Society, the Neuro-Psychiatric Society, the responsible state agencies, and interested private agencies and individuals are all pulling together in one harness. Of course, there are some differences of opinion, as there always should be in a democracy, but we all are now moving in the same direction.

#### **Facts of Mental Health**

The facts in this field of mental health are disturbing and demand our attention and action.

We know there are 6200 patients in the State Hospital in facilities that could not house more than 3500 patients under acceptable standards.

Because of our commitment laws, we know the State Hospital has been required to furnish beds for at least 400 non-psychotic mental defectives and for more than 400 non-psychotic alcoholics. These types of patients should not and cannot be treated as we have treated them in the past.

More than 35 per cent of the Hospital population is over 65 years of age, and many, many of these people would be better off in nursing homes or in homes for the aging, and could be cared for at less cost in such homes.

We know the Hospital, with its overcrowding and lack of staff, has been limited largely to a program of custodial care.

The State Hospital is short of staff, from ward attendants to psychiatrists. There are only three psychiatrists on duty for more than 6,000 patients. We should have at least ten times as many. Under present circumstances, it is nearly impossible



to give professional care to the patients. It is also nearly impossible, under these circumstances, to recruit staff, even though our salary scale is now competitive with those of other state mental hospitals.

### **Training Program Needed**

We can't recruit all of the people we need under any circumstances. To get them, we must train them ourselves through the establishment of an adequate training program in Colorado.

A philosophy and a comprehensive program must be agreed upon and established in Colorado as a basis for sound decisions on institutional building plans; development of community facilities; new state facilities; revision of commitment laws and transfer procedures; and of training and recruitment programs and research.

Key people in the field of mental health are working on a master plan now to establish such a long-range program.

In the meantime, we must take immediate action to meet present emergencies—immediate steps that will fit into a long-range program.

### **State Hospital at Pueblo**

We will make a decision on a medical-surgical-infirmiry unit at the State Hospital within the current month, so it can be built at the earliest possible moment. We must also determine what other immediate construction is needed at the Hospital so as to meet both present and long-range needs. We have already given considerable study to this matter—and I have asked Dr. Paul Hoch, Commissioner of Mental Hygiene in the State of New York, to consult with us this month on these immediate needs at the Hospital, as well as long-range needs for the future.

Funds are already available for this construction.

Soon construction will be started on a facility at the State Hospital at Pueblo to house a rehabilitation program sponsored jointly by the Department of Rehabilitation and the Hospital. This facility, to be financed by State and Federal funds, will

make available approximately 10,000 square feet of space for occupational therapy. It will be equipped by the Department of Rehabilitation.

The Department of Rehabilitation has added three staff members to its program at the Hospital since July 1 and soon will add two more to work with patients who have rehabilitation potential.

### **Fort Logan**

We must go ahead immediately with plans for the development of a second State mental health facility at the Fort Logan site, which was acquired by the State a few weeks ago.

This will mean the utilization of the present buildings on the site as well as the concurrent construction of the first new State treatment facility in the Denver area.

Recommendations for these buildings at Fort Logan will be ready in a few days and requests will be made of you for the appropriations to start the program.

### **Over-all Needs**

All aspects of the mental health program require simultaneous action. We must encourage and help make possible the construction of privately-owned local nursing homes. We must remove obstacles to the construction of more homes for the aged. We must increase the capacity at the State Home and Training School at Ridge, not only to take care of the present waiting list and future applicants, but also to relieve some of the pressure on the load of non-psychotic mental defectives at the State Hospital.

We must help accelerate a comprehensive preventive and after-care program for mental health on a community level. We must take positive action during the next year to modernize commitment laws and procedures to reverse the trend of using the State Hospital for non-psychotic patients.



These are sound conclusions reached on the basis of research and study, and, in general, are paralleled by the recommendations made to you last week by Dr. Menninger.

As Dr. Menninger reminded us, these people who are mentally ill are our citizens. They are our neighbors, our friends, and our relatives. We must no longer neglect them. We have done the groundwork, and we have reached the stage where we must go ahead with an action program. I urge you to carry forward legislation during this session which will make it possible to implement the program which has been outlined to you. Don't expect this complicated program—neglected over the last quarter of a century—to be done overnight. We cannot expect to accomplish miracles in a short span of time, but we can make a good beginning if we face up to this long-neglected mental health problem here and now.

#### ***EDUCATION BEYOND THE HIGH SCHOOL***

Two years ago the Executive office and the Colorado General Assembly recognized that careful thought must be given to bipartisan state-wide planning for higher education. In January of 1958, the Legislature passed House Joint Resolution No. 6 which directed the appointment of a legislative committee and charged it with the responsibility of initiating and developing a comprehensive study of the whole field of education beyond high school.

Two major factors contributed to the decision to make this study. First was the rapidly rising cost of higher education which had been brought about both by greatly increased enrollments and higher costs. In the last five years student enrollment increased about 30 per cent. During this same period general fund appropriations for higher education doubled—from just under \$10,000,000 in 1955 to about \$20,000,000 last January—and last year they absorbed more than one-fourth of total General Fund revenues available for appropriation.

The second major factor contributing to the decision to conduct the study was the growing public concern about the quality and scope of post-high school education. Recently, the Nation's attention has been focused on the shortage of trained manpower, particularly in the fields of science, engineering and technology. This unprecedented wave of public concern has created a demand in Colorado both for a more diversified and for a higher caliber educational program.

In passing the study resolution, it was the Legislature's intent that the Committee take a good, hard look at present institutional planning to meet these problems and to recommend a long-range plan for the growth and development of post-high school educational opportunities based on state-wide needs. After seeing the Committee's latest report, I am convinced more than ever of your wisdom in establishing a "legislative team" to conduct the study.

#### **Committee Re-authorized**

The Committee's report a year ago directed your attention to eight broad problems relating to higher education which it felt needed study, and outlined the procedures which it proposed to follow. Last January, the Committee was re-authorized, and during 1959 it made detailed studies in two of these eight areas. Its second report, recently sent to you, presents in detail the research and findings in the first two areas of study: post-high school enrollment trends, and post-high school educational programs and opportunities. The data in this report represent the most comprehensive treatment Colorado has ever given to these subjects. Everyone should give it careful study.

The Committee has initiated equally intensive studies in three additional areas:

1. Space Utilization and Long-range Building Needs and Costs.
2. Recruitment, Retention, and More Effective Utilization of College Faculties.
3. Projected Costs and Alternative Methods of Financing Education Beyond High School.



Recognizing the need for urgency, the Committee has stepped up its research program to provide the General Assembly and the public with the facts at the earliest possible date. It now expects to complete these three studies in 1960, and will report its findings and recommendations to the Forty-Third General Assembly.

Your own Committee has recommended that no legislative action be taken to create new public colleges, or to change the status of existing ones, until studies now underway are completed.

I concur with that recommendation. The information from these studies will be of great assistance in determining both the needs and the priorities regarding the creation of new educational institutions or expansion of existing institutions.

Legislative action to meet the problems and needs of higher education must not be approached on a piecemeal basis. The future of Colorado will be greatly influenced by the decisions you will make—or fail to make—in the next two or three years regarding higher education. These decisions must be made within the framework of state-wide planning for a balanced educational program which will meet the educational needs of the State and at the same time encourage the wisest use of tax dollars. As soon as you complete this study, I will work with you in developing a total program which will provide an adequate educational program for all of Colorado.

### **STATE SCHOOL AID**

The deep public concern over the operation of a sound and adequate public school system in our State has traditionally been the source of a bi-partisan concern and effort in this field.

In 1949, the 37th General Assembly considered the forerunner of the School Foundation Act, and Governor Lee Knous established the Governor's Committee on School Finance, which proposed in 1951 the basic structure of the present Act. In 1953, your Legislative Council undertook a study of this problem, be-

ginning with the recommendations of the Governor's Committee formulated between 1949 and 1952.

The Legislative Council in 1955 again recommended the basic structure of the School Foundation Act with some modifications. Sponsored by Senator Ernest Weinland, the bill passed in 1957, and has received clarifying amendments in 1958 and 1959.

A sound and adequate public school system is predicated on equitable local tax support, and on a system of school district organization which is economical and which reflects our growing population and modern transportation facilities.

### **Equality of Education**

Under the terms of the State School Foundation Act, the people of Colorado must look to their State government to distribute their school aid to local districts so as to insure maximum equality of educational opportunity for every child in Colorado. Because of this responsibility, I have insisted on substantial reorganization of school districts and on substantial progress in the field of equitable property tax assessments as a preface to full implementation of State school aid.

A report on the progress of school district reorganization has been placed before you, which suggests the completion of that program in those areas where only partial or no reorganization has been accomplished. Some fifteen measures prepared by your own Legislative Council are now being considered by you which will substantially improve State administration and supervision of the property tax which I commend to you for enactment.

In the Executive budget which is before you, sufficient funds have been recommended to implement fully the School Foundation Act. In that implementation, I urge not only your careful consideration of provisions which will bear on the State supervision of ad valorem assessments but also on the distribution of State school aid by an appropriate formula, such as the one recently developed by your legislative study.



In addition to such action, as I suggested to you last year, I hope that you can include an extension of full payments to those areas where reorganization has been placed into effect and where tax assessments are in line with the State level of equity. Full payment should also be available for those districts that comply at a subsequent date.

I believe that it is paramount that we attain substantial compliance with Constitutional requirements for equitable tax assessments and equality of school support, consistent with the financing capabilities of local school districts.

### BUDGET

The primary purpose of this Legislative session is for your consideration of the State budget for 1960-61. This year I am pleased to report that the budget again is balanced, despite very substantial increases recommended for education and institutions, together with required capital construction. It is possible to make this statement only because of the courageous and far-sighted action which you took at your last session to modernize and reform the State's tax structure.

We have had to face the fact that Colorado is a rapidly growing state, both in its population and in its economic base. With that growth in population comes a corresponding growth in public needs, both in State institutions and in education. During this same period of rapid growth, the rising cost of living has reduced the amount of goods and services which the State can buy with the same amount of dollars. Inevitably, in such a situation, the costs of government rise.

The choice, as I see it, is whether the citizens of Colorado wish to pay for more of the increase by means of state-levied, broad-based taxes, or by means of locally-levied taxes which will produce varying amounts, depending on the economy of a particular community. Obviously, there must be some give-and-take on this broad principle, but the intense pressures from local

governments and from the public make it clear that too much of the costs of government have been previously borne by State and locally-levied **property** taxes.

### **LOCAL SALES AND USE TAXES**

I have been advised by competent legal authority that not only is there serious doubt as to the power of the Legislature to authorize a political subdivision to levy a sales or use tax, but also, and much more important, there is legal doubt as to the power of a home rule city to levy a local sales or use tax.

Since such doubts exist, a full clarification should be made by constitutional amendment. This amendment should be in such form as to grant authority to the General Assembly to authorize, under such conditions as it shall establish, the imposition of a uniform state-wide tax by local political subdivisions with local self-determination.

To avoid the tragic conditions created in states which permitted untrammelled action by cities and towns in levying local sales and use taxes, the grant of authority by the General Assembly should contain requirements that the tax should be exclusive and be of uniform rate levied upon the exact and identical basis as is the state tax; and that the tax be collected by the same state agency and at the same time as the state tax is collected, with the respective amounts being returned to the political subdivisions in which collected.

If the state base, as it presently exists, is undesirable because it includes certain necessities of life, then I again recommend that the General Assembly should substitute for taxation on these necessities of life the taxation of luxury items and luxury services.

### **The People Should Decide**

I recognize that some local areas have problems of a fairly immediate nature. Local governments covered in such a constitutional amendment could well refer a measure to the people concerning the problem of local taxes at the same election. Such



a measure would become operative upon the passage of the constitutional amendment. In other words, the people would vote on the state constitutional amendment and the locally referred measure in November. If both measures passed, then the taxes involved in the referred measure could go into effect on the date specified in the local measure.

The most important consideration in our State and local tax structure is to keep a proper balance among income, excise, and property taxes. It is also vital that there be proper balance among taxes imposed by neighboring communities.

Other pressures occur for increased State spending for local roads and streets, for local schools, and for local welfare. You took specific action to meet these pressures at the last session, when you increased certain state taxes so that substantial state support of local schools could be continued. You reduced the state property tax, and reallocated the highway user's tax. These changes in the tax structure are reflected in the budget presented here today.

The budget calls for greatly increased state support of local schools, increased support for local mental health clinics, and increased support for state penal and other institutions. Increased state support of these humane services is an obvious and generally accepted need in our present day society.

#### ***JOINT BUDGET COMMITTEE***

Before discussing details of the budget, I want to say that the General Assembly is fortunate to have at its service the hard-working and dedicated members and staff of the Joint Budget Committee. Their work is now performed practically year-round. Because of the Committee's activities between sessions and because of the pre-session budget hearings held at facilities throughout the State, I believe you will find that the General Assembly is better prepared on the budget at the beginning of this session than ever before. The members and staff of the Joint Budget Committee are to be commended for this special

effort. I am sure their pre-session work will greatly enhance your knowledge of state finances, and should shorten the current legislative session considerably.

To accommodate pre-session work of the Joint Budget Committee members, the Executive branch of State government has been making available to them, on a current, continuing basis, information concerning budget requests and recommendations from the various departments.

By this means, I believe the Committee has gained a firsthand knowledge of the various aspects and problems of most of the State agencies and can, therefore, be in a better position to form judgments on the budget I am presenting to you today.

#### **Central Data Processing**

With the strong support and cooperation of your Joint Budget Committee, we have been able to secure the services of an outstanding firm of business consultants, to conduct a study of the account, payroll, budget and data processing activities of the State. The first phase of this survey has just been prepared. It indicates that at the conclusion of the study this coming summer, remarkable progress will have been achieved in these areas. Particularly gratifying is the accomplishment towards central data processing which has long been a goal.

The study reveals that Colorado made a sound decision in starting centralized machine processing in the major data handling units of the State government. This, together with the companion phase of the study, aimed at producing better budgetary procedures, accounting methods and above all a bi-monthly standard payroll for the State employees, should more than justify the expenditure made for the study.

#### **GENERAL BUDGET CONSIDERATIONS**

Receipts of the State reflect the estimated return from the tax adjustments and reforms which you made last year. A balance has been achieved at the state level among the principal types



of taxes used. The income tax, sales and use tax, and highway user taxes and fees each produce approximately the same percentage of the total, while the property tax has been reduced to only a small fraction of State receipts.

Although Federal aid continues to be a major source of funds for State purposes, we anticipate a severe reduction in Federal funds for highways unless Congress enacts legislation to correct the present allocations to states. I have been working with the other Governors through the National Governors' Conference and through the Council of State Governments to attempt to obtain full financing on the original basis of the entire 41,000 mile interstate highway system. This system includes the vital link across Colorado to Cove Fort, Utah. I hope that Congress will act on this matter during its present session.

Welfare continues to be a major item of state expenditures. The budget includes a recommended increase in the food allowance of families receiving Aid to Dependent Children and an amount to provide State matching funds for medical care for mothers under this program. This recommended increase is another example of the effect of rising prices on governmental services. As you know, the State Board of Public Welfare has voted to increase the old age pension allowance because of this same factor, using the national Bureau of Labor Statistics cost-of-living index.

There has been an increasingly obvious need for the State to develop its own cost-of-living index, based on items normally used in living by the various groups in Colorado. Included in the proposed executive research and studies fund request is a sum sufficient to enable the State to prepare such an index which would be made annually thereafter.

Education expenditures, both in support of local schools and in support of colleges and universities, continue to be the most rapidly expanding portion of our State budget.

**GENERAL FUND OPERATING BUDGET—  
CURRENT FISCAL YEAR SUMMARY**

Estimated expenditures from the general fund applicable to the present fiscal year, 1959-60, including \$961,600 requested supplemental appropriations and less \$314,803 in unexpended appropriations, total \$72,510,000. General fund revenues available on a current basis are estimated at \$77,136,000. This will enable a transfer of \$4,626,000 to the capital construction fund at the end of the 1959-60 fiscal year and leave an unencumbered cash balance on June 30, 1960 of \$12,000,000. Of this, \$10,000,000 is for the working capital revolving fund.

**GENERAL FUND OPERATING BUDGET FOR 1960-61**

Requests from agencies and institutions for appropriations from the general fund for 1960-61 totaled \$94,839,000 for operating expenses. If approved, this would mean an increase of \$22,329,000 or 30.8 per cent above the \$72,510,000 estimated expenditure in the present year.

The amount I have recommended, however, from the general fund is considerably less than requested by agencies and institutions, but it is sufficient to provide adequately for needs during the 1960-61 fiscal year and to implement fully the present School Foundation Act.

I am recommending a general fund budget for 1960-61 totaling \$86,885,000. This is an increase of \$14,375,000 or 19.8 per cent over the present fiscal year, 1959-60.

The recommended general fund budget for 1960-61 includes such major items as:

**School Support**

The Public School Foundation Act was a thoroughly bi-partisan program. By its adoption we have committed ourselves to implement the Act fully under appropriate conditions. This will take courage and statesmanship in the best bi-partisan tradition.



To fully implement the School Foundation Act will require \$33,043,000, compared with \$25,160,000 this year—an increase of \$7,883,000 or 31.3 per cent. The amount listed includes both the Public School Finance Act and public school transportation assistance.

The Department of Education and its related programs require \$2,730,000 compared with \$2,399,000 this fiscal year—an increase of \$331,000 or 13.8 per cent. The principal increases in this category are \$135,000 for special education and \$144,000 to further implement the National Defense Education Act.

These educational functions represent 41.2 per cent of the General Fund budget.

#### **Institutions of Higher Learning**

For institutions of higher learning, I recommend \$22,979,000, which, compared with \$19,796,000 for the present year, is an increase of \$3,183,000 or 16.1 per cent. Reflected in the increase is the replacement of about one-fourth of the amount formerly received by these institutions from the property tax mill levy which was repealed last year. The remaining three-fourths of the property tax levy was replaced in last year's appropriation. The amount recommended represents 26.4 per cent of the General Fund budget. It will enable some improvements by the State-supported institutions of higher learning to upgrade quality of education, and it will help with plans to meet the needs of increased enrollments within the next few years. When the report of your Committee on Education Beyond the High School is received, we will have a better insight into the State's future educational responsibilities.

#### **Other Institutions**

Other institutions have been allocated \$17,947,000 from the general fund in the recommended budget, compared with \$15,595,000 this year—an increase of \$2,352,000 or 15 per cent. The largest single increase in this category is \$935,000 for the State Hospital at Pueblo, largely for expansion of its staff. Some

other increases are \$696,000 for operation and renovation of the Fort Logan site obtained from the Federal Government; and the following increases at institutions: \$226,000 for the State Home at Ridge; \$266,000 for the State Home at Grand Junction; \$153,000 for the State Reformatory; \$163,000 for the Penitentiary; \$132,631 for the Industrial School for Boys; and \$55,000 for the Training School for Girls. Most of these increases represent normal salary increments for existing personnel and in some instances additional personnel for improved programs and increased population. The institutions account for 20.7 per cent of the General Fund budget.

### **Other Purposes**

All other purposes, which collectively represent 11.7 per cent of the General Fund budget, require \$10,186,000 compared with \$9,560,000 this year—an increase of \$625,500 or 6.5 per cent.

Amounts recommended for other purposes which call for greater than a nominal increase are the following:

\$172,663 for the new Department of Rehabilitation, which will enable expansion of its work at State institutions, as well as provide sufficient funds to fully implement its general rehabilitation program.

\$176,055 for the State Department of Public Health, including expansion of the program for local mental health clinics and in certain areas of disease research and inoculation.

\$59,000 for further implementation of the new Juvenile Parole Division.

\$50,000 for full implementation of payments to Juvenile Probation Officers.

\$68,000 for necessary additions in personnel and equipment in the Adult Parole Division.

\$45,000 to implement reorganization of the Colorado Tax Commission.



Other increases among State agencies have been held to the absolute minimum requirements of statutory salary commitments and other essential items.

You can readily determine from this budget presentation the rising costs of government in programs for education, State-supported institutions of higher learning and State penal and mental institutions. General administrative costs constitute just over one-tenth of this budget and increases in this category have been held to a minimum. Any attempts to modify the revenues flowing to the General Fund will serve only to reduce amounts available for schools, colleges and the operations of our State mental and penal institutions. The Capital Construction Program presented to you is based on the pay-as-you-go method of financing. We are now in a position to do this by utilizing available revenues. To do otherwise will mean that the State will have to borrow for these buildings, with resultant interest costs.

#### **GENERAL FUND REVENUE**

Estimated receipts for the General Fund for 1960-61 from current sources are \$89,349,000. Major sources of General Fund Revenue for 1960-61 are as follows:

- Income tax \$59,200,000, or 66.3 per cent;
- Sales, Use and Liquor taxes \$14,400,000, or 16.1 per cent;
- Inheritance tax \$4,400,000, or 4.9 per cent;
- Insurance tax \$4,300,000, or 4.8 per cent;
- Pari Mutuel Racing tax \$2,400,000, or 2.7 per cent;
- and all other sources \$4,649,000, or 6.2 per cent.

These estimates reflect the first full year of the changed tax structure enacted last year. The estimates have been reduced by \$500,000 to incorporate provisions of the proposed bill before you which will repeal thirteen one-hundredths of a mill of the present State property tax levy for Police Pensions and instead finance the program from the insurance tax.

Deducting the \$86,885,000 recommended general fund expenditures from \$89,349,000 estimated receipts indicates that

a further transfer of \$2,464,000 to the Capital Construction Fund can be made at the end of 1960-61, provided revenue estimates are achieved.

### **CAPITAL CONSTRUCTION BUDGET**

The capital budget procedure established last year resulted in transfer of general fund money to the Capital Construction Fund of \$7,535,000 at the end of 1958-59. Appropriations made against this sum by the last session were \$1,502,000, leaving an unencumbered balance of \$6,033,000 in that fund. As I mentioned earlier, we anticipate the transfer of \$4,626,000 at the end of 1959-60 and another \$2,464,000 at the end of 1960-61, making a total foreseeable revenue in the Capital Construction Fund of \$13,123,000. Current requests for Capital Construction projects total \$20,694,000.

I am recommending capital construction appropriations of \$474,000 for the remainder of 1959-60 and \$12,155,000 for 1960-61. These projects, if funded at this session, will leave an unencumbered balance in the capital construction fund on June 30, 1961 of \$494,000.

Included in the projects recommended are sums for the following purposes: Capitol Building Remodeling, \$750,000; National Guard armories at Cortez and Greeley, \$88,000; Industrial School for Boys, \$755,000; Training School for Girls, \$237,680; State Home and Training School—Grand Junction, \$282,636; State Home and Training School—Ridge, \$3,519,629; Reformatory, \$1,110,000; Fort Logan State Hospital, \$4,945,000; Home for Aged—Trinidad, \$4,425; School for Deaf and Blind, \$156,400; State Historical Society—Pueblo, \$15,000; Colorado State University, Hydraulics Laboratory, \$350,000; Fort Lewis A. & M. College, \$70,207; and University of Colorado Land Purchase, \$250,000. Again, Construction Funds for the new Medical and Surgical facility at Pueblo are already available.



## ADMINISTRATIVE RESPONSIBILITY

One of our major concerns has been the improvement of administration in Colorado's State government. The Legislative and Executive Departments agreed two years ago that such improvement could be accomplished through amendment of the Constitution to permit the employment of policy-making administrative personnel, outside of the career civil service, to facilitate the complicated task of supervising State government administration.

I am impelled again to call this matter to your attention. The citizens of Colorado look to the Executive Branch to assume the responsibility for carrying out the legislative intent in public administration. Through the employment of non-civil service policy-making department heads, the policies supported by the electorate and the legislature can be conveyed to the several operating departments and their implementation can be directly supervised.

I am proposing to you, therefore, that you consider and approve an amendment to our Constitution which will permit the Legislature and the Executive Department, through logical grouping of all State agencies, to appoint policy-making department heads to carry out, on a day-to-day basis, those policies and programs which the Legislature enacts and expects the Executive Department to administer. I can assure you such an authority would have been welcomed by every chief executive in the past, and will be an effective administrative measure for every chief executive in the future. I hope you will give Colorado citizens an opportunity to exercise their judgment on this vital matter.

## CIVIL SERVICE AMENDMENT

Wages and salaries of State employees are a major budgetary item. This is reason enough for us to be concerned that the operation of our Civil Service system is in tune with modern-day requirements. Colorado's taxpayers deserve the best employees and the best government their money can obtain.

We also agreed previously that present constitutional Civil Service provisions require change if we are to make our State government more efficient, economical and responsive.

I believe we all want to see a Civil Service program that is designed to help provide responsible government, as well as to provide State employees with fair conditions of employment and advancement.

Some of the 1917 constitutional provisions are antiquated. They need to be amended to provide the flexibility necessary for effective, modern personnel administration.

Despite these built-in handicaps, the Civil Service Commission and its staff have made admirable progress during the past year in revamping our personnel program in response to your direction. However, we are rapidly reaching the point at which no further improvements can be made unless the constitutional provisions are changed. These changes were first pinpointed in the study authorized by the General Assembly in 1957 and completed in 1958.

For these reasons I commend to you a proposed amendment that modernizes the outmoded constitutional provisions mentioned above, and which will make it possible for the Civil Service Commission to continue to improve the operation of our State personnel system.

Let me again thank you for your courtesy and attention. May God's blessings be yours during the coming year and may He guide you in your deliberations.



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