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MESSAGE

by

GOVERNOR

STEVE McNICHOLS



**FIRST SESSION OF THE
FORTY-THIRD GENERAL ASSEMBLY
OF THE STATE OF COLORADO
AT DENVER**

January 6, 1961

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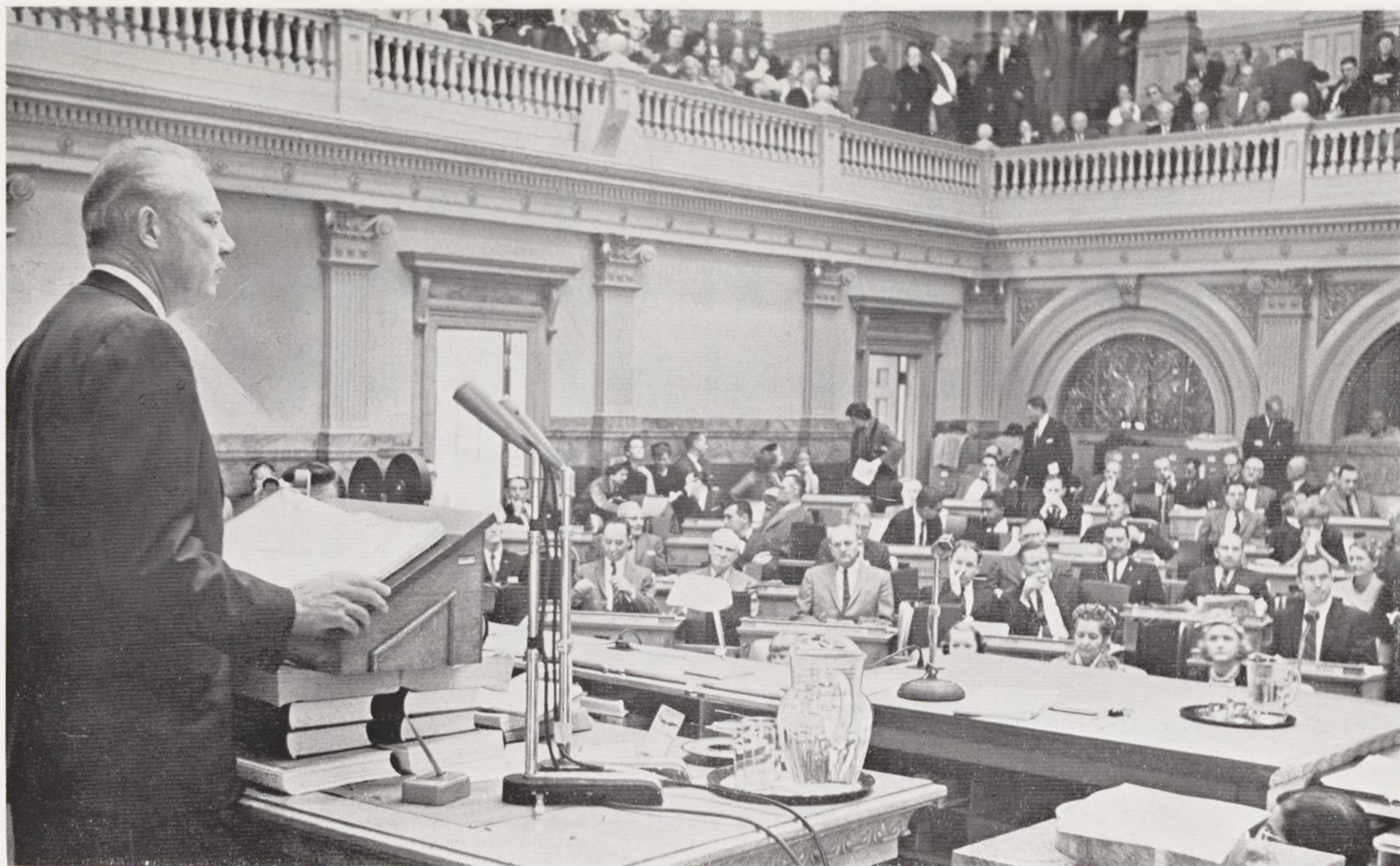


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"I look forward to working with you and assisting you in any way that you may require."

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OF THE STATE OF COLORADO

JANUARY 6, 1961

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

It is my privilege to appear before you today in two capacities: one is the exercise of a Constitutional and traditional responsibility to report to you on the affairs of the state government for the year just ended, and to suggest matters for your consideration during the year ahead.

The second is to extend to you a warm personal and official welcome to the Forty-third General Assembly. I look forward to working with you and to assisting you in any way that you may require.

In any review of the year's activities, no matter how brief, I must express to you our appreciation for the broad cooperation which we in the Executive Branch have received from the members of the General Assembly, their committees and their staffs. That cooperation has been extensive and has varied in its bi-partisan approach from free and frank discussion of state government administration to the review of specific problems. We have also benefited from a full exchange of research information between these two main branches of state government.

Much of that cooperation is a direct result of the leadership and responsibility expressed by the Forty-first and Forty-second General Assemblies. Those legislatures were both responsive and responsible. Their members studied and resolved many of the major problems which faced Colorado four years ago. It is a tribute to those General Assemblies that Colorado finds itself now in so favorable a position. Our state government is living within a balanced budget. The development of better facilities and modern methods at our institutions are now on a pay-as-you-go basis. Our schools are receiving increased State funds to help the over-burdened local taxpayer meet the needs of our exploding school-age population. Our colleges are now on a firm fiscal and physical foundation to accommodate this same flood of ambitious and deserving young people in the years immediately ahead. Our resource agencies are coordinated for the first time in our long history. Substantial progress

is being achieved by introducing better management practices in the various state agencies and departments.

The key to this progress was the long-overdue tax reforms of 1958-59. These grew out of the first comprehensive study of our State's tax and fiscal policies, authorized in 1957-58. I commend the previous two General Assemblies for placing our state government on a pay-as-you-go fiscal basis through an ability-to-pay tax program. This is just, this is fair. This is the only way the business of the people can be handled in an efficient, modern manner.

NATURAL RESOURCES

Thanks to the broad vision of the General Assembly in creating it, Colorado's Department of Natural Resources is able to show remarkable progress despite its short existence.

Since the appointment of its Director in October of 1959, many achievements of the Department and its sub-agencies have become a matter of record:

Four large municipal reservoirs—previously closed to fishing and boating—have been opened up to sportsmen through cooperation with local and federal agencies.

New state recreation areas have been developed at Cherry Creek, Antero, Eleven-Mile and Vega Reservoirs. Facilities at Sweitzer Lake and a park in Gilpin County will be in operation by summer.

Progress has been made toward protecting the recreation value of John Martin Reservoir, and developing the full potential of the new recreation area that will surround Dillon Dam.

Negotiations have been launched between the State Board of Land Commissioners, the Game and Fish Department and the State Park and Recreation Board to develop greater use of state lands for hunting, fishing and recreation. A trade of State land for Federal land is being considered to enhance the sport, recreational, scenic and income values of the State forest in Jackson County.

Similarly, cooperation between the State Land Board and the Game and Fish Department makes possible, eventually, the full use of La Jara Reservoir as a public fishing and recreational area.

Improved relations have been developed between State agencies and the Denver Water Board. There is hope, now, that the conflict between the Denver water supply development and the preservation of water wildlife values can be resolved amicably.

The Department is cooperating with the Department of Health to reduce stream pollution by forming an inter-agency action committee of agencies in the Natural Resources Department.

The Department has taken great strides forward in energizing vital projects which have long been ignored, or stalled for lack of funds or coordination.

For example, Colorado's resources exploration has been held back for years because of the lack of topographic maps. Only a fraction of our land area has been covered. State and Federal funds combined in 1959 were not enough to complete the mapping of a single quadrangle of the 1500 quadrangles yet to be mapped in Colorado. Now, thanks to the action of the General Assembly, the cooperation of the Colorado Water Conservation Board, and the new inter-agency approach among State departments, the rate of mapping was stepped up fifteen-fold in 1960. A backlog of aerial photography promises that mapping will be speeded up even more in the near future.

The Department also succeeded in getting recent mining maps of the U.S. Geological Survey removed from confidential files and placed on open, public file. This expedites and encourages exploration drilling by private firms.

Forest Policies Being Modernized

The Department has launched a study of traditional management practices on our State forest to develop policies more in line with modern principles of conservation and also to be more productive of revenue for our schools.

Another example of progress through coordination: now the Bureau of Mines and the Health Department have established spheres of responsibility in the inspection of uranium mines, mills and processors and the controls necessary to protect miners and workers from the dangers of radioactive injury caused by radon gas.

Accomplishments of the Department in the vitally important area of water resources include:

Helping launch a Federal-State inter-agency effort to correct contamination originating from Rocky Mountain Arsenal. This included mapping all wells in the area, and counseling on deep-well disposal to solve the problem.

Helping develop, and outlining potential projects for the new hydrology laboratory at Colorado State University.

Expediting consideration of proposed Soil Conservation Service watershed projects by State agencies, reducing the time required for this from the traditional two or three months to one week.

Another important function has been to follow closely the actions of the U. S. Congress and the Federal government on resource matters. In no other field is this more important.

Our Future Depends on Resources

I have gone into some length on the Department of Natural Resources for two reasons:

1. We are a resource state—the future of our agriculture, our industry, our tourist businesses depend upon what we do with our resources.

2. The accomplishments of this new Department of Natural Resources provide an inspiring example of how we can improve government's service to taxpayers by simple, fundamental changes.

Legislative proposals which can continue the progressive work of the Department will be offered to you. These include: new provisions in the State Forestry Code, amendments to the

Bureau of Mines statutes, amendments to the Ground Water Code, amendments to the Game and Fish Code, the Parks and Recreation Code, the Water Conservancy Districts Code, the Colorado Water Conservation District and the Southwestern Water Conservation District Codes, and the Soil Conservation Districts Code.

A proposal will be before you to consolidate our mineral agencies. This proposal, with no increase in budget, will reactivate our State geological survey, inactive since 1927, and permit employment of a top-flight mineral economist, to advise the State and the minerals industry of current trends and developments of significance to our lagging minerals industry.

I commend these to your attention. They are necessary if we are to continue improvements aimed at making every tax dollar work a little harder for the taxpayer.

REVENUE DEPARTMENT

The Department of Revenue during the past year has continued its outstanding record of the economical collection of state taxes. This reflects great credit on the General Assembly which integrated the primary tax collection functions into this single department.

The cost of collection of all taxes was less than two and one-half cents on the dollar. This is a major reason the Revenue Department could return as unused \$2.6 million of its collection allotment to the general fund, the welfare fund and the highway fund. More than \$1 million of this reverted to the general fund.

The Revenue Department made significant strides in use of electronic equipment for handling tax collections, accounting, statistical analysis and motor vehicle registration.

All taxes except motor fuel and ton-mile are now processed on punch cards. The sound base on which this punch-card program was built now will serve to convert our system to more modern electronic tape systems.

A legislative study prepared by a nationally known firm has pointed to the necessity and feasibility of converting all of

our accounting, payroll preparation, tax collection and statistical analysis to a tape system. In our growing state, savings will be realized at an expanding rate as a result of the system's capabilities to handle an ever greater load at small additional cost.

I urge your serious study of this report and your favorable consideration of the necessary appropriation for implementing it.

The motor vehicle division has drawn national attention through the new program, authorized by the General Assembly, of placing color photographs on drivers' licenses. These photographs are now being taken in every county. More than 20 other states have already given thorough study of our driver's license operation, and many states during 1961 will follow our lead.

PUBLIC HEALTH

Our public health program continues to improve.

The new Public Health Building was dedicated in September, putting operations of the Department under one roof for the first time in modern history. With its location close to the University Medical Center, that proximity should lend even greater impetus to further improvements in services and in economy.

After some difficulties, supervision of the operation of nursing homes was improved during 1960. Better cooperation with improving standards of care for our older citizens has been developed. More progress is expected.

A major source of concern for all of us—community water and sewage facilities, and stream pollution—also witnessed progress. In 1960 six major water treatment facilities and ten new or expanded sewage treatment plants were completed.

An indication of the progress that has been made in recent years is the fact that 85% of the population living outside the City of Denver is now served by sewage plants providing secondary treatment.

It is vital that we protect Colorado's limited water resources from both domestic and industrial pollution, for progress as well as for health.

EMPLOYMENT

Although Colorado's general economic condition is excellent, we face severe localized recessions in some communities. The unemployment that has resulted deeply concerns all of us. Our Department of Employment has performed well its task of finding jobs for workers and administering Colorado's unemployment benefits, although there are needed improvements that could be made in our unemployment and disability provisions.

During 1960, the Department took in approximately 118,000 applications. It made approximately 106,000 non-agricultural placements and 113,000 agricultural placements during 1960.

Perhaps the success of one agency of the Department—the Resources and Community Development Division—holds the key to solving permanently the pockets of unemployment remaining in our economy.

New Division Promotes New Industry

When we established this agency two years ago, there was no "home base" for the State's efforts in the increasingly important field of industrial development. By servicing out-of-state requests for technical information, expanding its impact through inter-agency coordination, by utilizing the talents and contacts of many enthusiastic Colorado businessmen, industrialists and leading citizens, this agency has contributed measurably to our industry, our employment and to our tax base. It has also added greatly to our reputation as a state with tremendous natural assets for industry and for the people who work in and manage those industries. Many communities—including Walsenburg, Pueblo, Loveland, Rocky Ford and Delta—have benefited from the consulting and leadership services made available through this agency. The division's monthly newsletter is valuable in coordinating the division's far-flung efforts, and in spreading information about successful campaigns to bring new payrolls and investments into our State.

As our traditional basic industries are affected by changes in technology or marketing conditions, we have two choices. We can develop new uses for existing resources, or we can diversify our economy by finding new industries well suited to Colorado. I predict that the Resources and Community Development Division of the Department of Employment, and the volunteer Committee on Industrial Development which assists it, will have some encouraging announcements to make in the coming months. This agency's work is another example of big results from a small investment of State funds.

CIVIL SERVICE

Despite statutory limitations, the Civil Service Commission and its staff made long strides during the past year in instituting new training programs, in improving and expanding examination procedures and in job certifications.

This progress was made possible by the General Assembly's revamping of many outmoded Civil Service procedures and a realistic appropriation for a comprehensive study of Colorado's Civil Service operations.

As a result, new procedures have been instituted, and the staff enlarged to meet an increasing work load, with phenomenal results. The Civil Service Commission made approximately 4,000 certifications for the twelve-month period ending September 1, 1960. This compares with 1,600 certifications the preceding year and only 400 in 1957. Seventy-three per cent of our state employees are now certified.

During 1960, sixteen agency or occupational studies were completed, involving approximately 2500 positions. In addition, the Commission took 667 individual actions affecting approximately 1200 positions. Also, 700 individual actions establishing 844 new positions in all departments and institutions in the State were processed during 1960.

In the Examination Division of Civil Service, more than 10,000 applications were processed for the completion of examinations. Three hundred and thirty-five classes were examined and 449 eligible lists were established. This accomplishment represents a completed work load more than 25% above our expectations a year ago.

A training program for state employees was planned and directed by the Personnel Services Division of Civil Service. Experts in many different fields participated in this statewide program which afforded many state employees the benefit of additional specialized training which otherwise was not available.

If we are to continue to make our State Government more efficient, economical, and responsive to the needs of our citizens, we must continue to modernize our Civil Service system. I ask your careful consideration of those proposals which will further advance Colorado in the field of personnel management.

WELFARE

Colorado's public welfare programs have two major functions: that of meeting the immediate problems of people requiring assistance in securing food, clothing, shelter, other living needs, and medical care; and the prevention of dependency or the restoration of the person or family to normal living conditions as soon as possible.

The first task is accomplished through the seven major welfare programs of old age pension, aid to dependent children, aid to the blind, aid to the needy disabled, general assistance, tuberculosis hospitalization and child welfare. Through these programs, the basic living needs of some 92,000 people in Colorado have been met. Through training programs and excellent State and County cooperation, the staffs and the programs have been strengthened and made more effective. By the cooperation of other State departments, notably Rehabilitation, Health and Institutions, we are working on the important problem of preventing dependency and of restoration of the welfare recipient to a normal and productive place in our society.

Each of these major welfare programs has some type of medical care as part of the program. It is in the field of medical and hospital care for our senior citizens that I would particularly like to talk with you.

As you know, Colorado has one of the best medical and hospital care programs in the nation. Our programs are widely studied and are being widely copied. The success of this pro-

gram is no accident. I believe that its success lies in the fact that it was cooperatively developed by the State with the members of the medical profession. Its progress is constantly reviewed with them. In addition, the State keeps the overhead cost of administering the medical-hospital program to a minimum through using Blue Cross and Blue Shield as administrative agents for the program. Their skilled facilities are geared to the same medical-hospital operation on a private basis.

Cooperation between the State government and the medical practitioners must be continued if we are to maintain our record of success in our medical and hospital care program. It is the integrity and professional competence of our Colorado physicians that will assure that every eligible person is cared for with the treatment that he requires. But we are all aware of the tremendous increases in the costs of medical and hospital care that have occurred—along with all other costs—over the post-war years. We must insure, for the benefit of the taxpayers, that the funds for this important and humanitarian program are wisely and effectively expended.

Nearly ten per cent of our pensioners were in a nursing home during the past fiscal year, and hospital admissions increased to 22,700—a gain of ten per cent over the previous fiscal year. In fiscal year 1960, some 36,400 persons in the program received some type of medical care. Of this number 14,600 were hospitalized, and 5,400 were in nursing homes. For these services, hospitals received nearly \$6 million; nursing homes, \$1.8 million; physicians, \$1.9 million; and approximately \$300,000 was expended for drugs and for transportation.

Medical Care Funds Needed

It is apparent that we must meet the costs of medical and hospital care in excess of the \$10 million medical care fund. These costs, authorized by the Welfare Board this year, will amount to approximately \$1 million. I am glad to report to you that re-examination by the medical profession and the Welfare Board of their hospitalization practices has reduced the rate of hospital admissions, so that our costs are presently within the \$10 million expenditure rate.

In recognition of the increasing costs of hospital and medical care, however, I recommend to you that a contingent fund

of \$1 million be established in excess of the present cost of such care. Such a contingent fund should only be available upon the approval of the Governor and upon a showing by the Welfare Board of increases in hospital and medical care costs above \$10 million occasioned by rising costs or unanticipated pensioner participation in the program. Should expenditures of all of this money not be necessary, any remainder will revert to the General Fund.

In the interest of sound management, also, I hope that you will review the use of nursing homes for after-hospital care. By analyzing our medical information, we note that in areas where there is a low use of nursing homes, there is a corresponding high use of hospitals. We believe that if there were increased numbers of adequate nursing and convalescent homes, the stay in hospitals—which presently averages 11.9 days—could be reduced substantially. Such a reduction would greatly reduce the total number of hospital days—and savings can be computed at the rate of \$16.00 per day.

Nursing Homes Reduce Costs

This savings is possible because nursing home care costs less than \$6.00 per day. By moving persons with the physician's approval from a hospital to a nursing home—for convalescent purposes—the daily cost would be reduced thereby from \$22.00 to \$6.00—a savings of \$16.00 per day.

Since the start of the medical-hospital program in early 1958, there have been added in Colorado some 1,170 nursing home beds. Twenty nursing homes with 876 beds are now under construction. In reviewing Colorado's needs for nursing home beds, however, it is clear that we are still far short of our potential need for approximately 9,000 nursing home beds located throughout the State.

There are still many areas in the State which apparently need additional nursing home beds, and particularly so if we can achieve a program of using these beds in an after-hospital care program. Private enterprise is doing a good job of increasing the number of nursing home beds in the State, and we are encouraging their operations.

To meet all of the State's economic and social conditions, however, and to meet the obvious need for additional nursing

home beds, I urge you to revamp present State authority to construct six homes for the aged.

That authority, vested in the State Board of Control for Homes for the Aged, restricts any additional development of the six authorized homes until the present Home at Trinidad is self-sufficient, including meeting the retirement of capital cost.

If the restrictions as to retirement of capital costs are removed, and the Board of Control is granted authority to borrow up to \$6 million for building homes for the aged, then we could proceed to construct these six additional homes—and use monies made available to the State from the Federal grants to retire these capital costs. Reliable estimates place such retirement of capital costs for all six homes at a total of about \$360,000 per year.

These homes thus could be constructed and their costs retired without use of State tax revenues and would alleviate the necessity of appropriating additional general fund revenues to the medical care fund in the future because this program would decrease markedly the present expenditures for hospitalization.

EDUCATION

In many respects, our progress in public education has been the most dramatic achievement of the past four years.

Look at the record. Our number of pupils in elementary and secondary schools has grown at the rate of 17,500 per year for the past four years. Each of those years we have added an average of 900 new teachers. Each year we have constructed 750 new classrooms.

All this has been made possible through the realistic approach of the past three General Assemblies. Their actions have resulted in reducing the number of school districts from 931 four years ago to 382 today. This has resulted directly in more economical administration of tax dollars and in expanding the educational opportunities of our youngsters—particularly those in rural areas.

Had it not been for reorganization and for 100 per cent implementation of the bipartisan School Foundation Act based on equalized local standards of support, Colorado's schools today would be hopelessly behind in the race to keep up with our fast-growing population. In short, we have protected quality of education in Colorado and at the same time we have provided for the vast increase in quantity of students. This is important to our Nation's future as well as to our State's future.

Yet problems remain. Although the number of pupils on half-day sessions has been reduced by 24 per cent in the past four years, there are still 19,000 children whose educations continue on a cut-rate basis because of the classroom shortage.

Staffing our schools with well-qualified teachers persists as a major educational problem. Some 12 per cent of our teachers lack four years of college training. A Legislative Council committee on teacher certification has prepared proposed legislation on needed improvements in this field.

Under the National Defense Education Act, Colorado schools have taken significant strides forward in selected study areas of great importance to our national security. Through this act, Colorado schools have purchased a total of nearly \$3.5 million worth of science, mathematics and foreign language teaching materials.

We have also noted great improvement in our school guidance and testing programs. Presently, 83 per cent of Colorado's secondary school students are enrolled in schools having guidance counselors. Through this same state-federal cooperation, Colorado has been allowed \$163,000 of federal funds which has been used to help establish six technical training centers in which nearly 1,000 technicians for industry have been trained.

Special Programs for Handicapped

Through the 42nd General Assembly's appropriation of \$650,000 last year, 11,697 handicapped children are now enrolled in special education programs. With an additional appropriation of \$50,000, six school districts in Colorado are conducting a two-year exploratory program in the training of trainable mentally retarded children. There is need for a signi-

ficant expansion of both of these programs if all handicapped children in the state are to receive appropriate educational opportunities.

By the action of the Assembly over the past four years, State support for all public school programs has been increased from \$28.7 million in 1957 to \$39.3 million in 1960. This represents an increase of 16.7 per cent in State support per child during this four year span.

During the same period, we have exactly doubled the amount of aid to junior colleges—from \$150 per full-time student in 1957 to \$300 per full-time student in 1960.

The General Assembly's vision in increasing State school aid, coupled with the action of local school officials in their school budgets, has raised the average Colorado teacher's salary from \$4,518 in 1957 to an estimated \$5,350 during this school year. Despite this gain, Colorado is still in tenth place among the thirteen western states in average teacher salaries.

Looking ahead to the 1961-62 fiscal year, it is estimated by the Department of Education that an increased appropriation of \$2,883,665 from the State's general fund will be needed to maintain the current level of State support under the Public School Foundation program. This action will merely "hold the line" on increased school enrollments.

REHABILITATION

Colorado is exerting forceful efforts in behalf of the handicapped worker and the rehabilitation of those in our institutions.

The recently-created Department of Rehabilitation has an outstanding record in affording State services to physically, emotionally and mentally impaired Coloradoans.

As a direct result of the 42nd General Assembly's increased investment in this program, the number of disabled persons who have been helped to help themselves has grown sharply during a two-year period. Handicapped persons receiving assistance from the Department of Rehabilitation increased from 1433 in 1959 to approximately 2,000 last year.

The talents and energies of 908 of these disabled workers were wisely channeled into employment advantageous to both employee and employer. It is noteworthy that there has been a 40% increase in the Department's job placements during the past five months.

New emphasis on the rehabilitation of the emotionally disturbed is reflected in a sizable increase in the staff of professional personnel serving the Colorado State Hospital. Indicative of the broad scope of this revolutionary program is the assignment of a counselor specializing in the rehabilitation of alcoholics.

A new rehabilitation facility to provide adjustment and evaluation services within the State Hospital will be in operation this year.

Inmates of our State correctional institutions are now receiving the valuable services of rehabilitation counselors and psychiatric consultants. Approximately 300 eligible persons are receiving assistance under this program as compared to only a handful a year ago.

Increased vocational training and rehabilitation facilities have also been made available to both Colorado's State Homes and Training Schools for the mentally retarded.

Public welfare recipients account for twenty per cent of those receiving assistance from the Department of Rehabilitation. A greatly improved cooperative plan is being effected between the two departments concerned.

Prior to the General Assembly's realistic approach to our rehabilitation needs, Colorado ranked 47th in the 48 states in state support of aid to the handicapped. Today, we are a recognized pioneer in the field of rehabilitative legislation.

Despite this new emphasis, our rehabilitation programs account for less than one-third of one per cent of the state's annual expenditures. Most of the funds are made available through a Federal allotment made to Colorado on the basis of population and per capita income.

It is apparent that we must continue to do our part in support of this great humanitarian effort.

INSTITUTIONS

In the last 60 days, after intensive recruiting efforts and numerous interviews with many psychiatrists—and with the aid of the several professional societies—a director of institutions was selected. Since his entrance on duty on December 1, he has nearly completed his staff appointments. I want to reassure you and the citizens of Colorado, however, that despite delays in this critical appointment our efforts in the field of state institutions and their management have gone ahead.

In reviewing and developing clinical as well as construction plans, I want particularly to thank the members of the Governor's Advisory Committee on Mental Health, who have given the State so much of their time and experience.

Many Groups Aid Mental Health Progress

During the past year, no single problem has received greater attention and more public interest and concern than the institutional programs in mental health. With your understanding and support and with the cooperation of the Colorado State Medical Society, the Neuro-Psychiatric Society, the Colorado Bar Association, the U. S. Public Health Service, and the interested state and private agencies, we have taken long steps in resolving this complex and challenging problem.

At the State Hospital at Pueblo, the designs for the new structures have been agreed on and final working drawings of the new \$7.5 million treatment, geriatrics and administration facilities are in process, with plans, specifications and bids for construction to be underway within this fiscal year. Bids have been received on the new Vocational Rehabilitation building, and construction is scheduled immediately.

In addition to the modernization of the physical plant at the State Hospital, the last two years have seen the addition of 248 professional and professionally trained staff and 121 nursing personnel at the Hospital. These include occupational therapists and psychiatric social workers to aid in the emphasis on rehabilitation and return to society of inmates whose custody we want to shorten and whose treatment we are trying to expand. We are giving priority attention to the continuing problem of recruiting staff psychiatrists. As you know, we have

employed a new superintendent at the Hospital, who will assume his duties on March 1.

On April 1 of last year, the State took formal title to 308 acres of land and buildings at Fort Logan. In receiving this property, the first major task was to clean up and renovate the area so that it could be utilized safely and economically. In that process 19 buildings were either sold and removed or razed. The original plan was to remodel three existing barracks buildings into a temporary treatment center; however, after further study it was discovered that, because of the condition of the buildings, the cost of remodeling would exceed that of new construction. Instead, it was decided to proceed immediately on the construction of three 28-bed cottages which had been programmed in the original architectural plans. The working drawings for these cottages have been completed, they are currently out on bid, the contract will be awarded in the middle of January and it is anticipated that they will be completed and ready to accept patients on October 1, 1961. At this time the Fort Logan Mental Health Center will begin operations with 84 beds. The contracts for construction of the remainder of the 266-bed intensive treatment center will be awarded in the spring of 1961. The anticipated completion date for this first phase of the project is the fall of 1962 or spring of 1963.

Treatment Can Reduce Tax Burden

Meanwhile work has been proceeding on the development of a clinical program to be instituted at Fort Logan as soon as the buildings are ready for occupancy. In conjunction with the Governor's Advisory Committee on Mental Health, a modern, comprehensive psychiatric program has been devised placing strong emphasis on voluntary admission, early treatment, and rapid rehabilitation of mentally ill citizens. It is anticipated that the State will be able to free itself from its past economic burden of providing lifelong care for a significant number of these unfortunate individuals.

In order to be able to plan the State's mental health program in the most intelligent and farsighted way possible, work has begun on initiating a survey of local mental health needs and resources in Colorado, to be done in conjunction with the Colorado Association for Mental Health and the Metropolitan

Council for Community Services. In addition, beginning in July and continuing through the present time a nationwide recruitment effort for professional staff has been proceeding.

Through your appropriations for improved facilities and services at the State Homes and Training Schools at Wheat Ridge and Grand Junction, the operations of those institutions are placing ever greater emphasis on rehabilitation, education and training in contrast to custodial care. With the new expansion now being readied for construction at Wheat Ridge, we plan material reduction in the waiting list of applications for entrance to the School.

Penal Units Stress Rehabilitation

The Colorado State Reformatory has developed and installed a significant and extensive Vocational Training Program. To accomplish this, a well-equipped building was constructed and a staff of instructors with the highest capabilities was employed. In cooperation with the Department of Employment, job placements have been obtained for a large number of the program's graduates. The Reformatory's academic program has also been expanded to include a broader field of subjects.

Outside work camps in the park program were increased during the past year and an honor work camp was added at the Fort Logan Mental Health Center.

The addition of a guidance center, a new 24-bed prerelease cottage and an enlarged staff of highly-trained personnel, have opened new vistas in the juvenile rehabilitation program of the State Training School for Girls at Morrison.

The recent completion of a ten-year building project and the establishment of additional vocational training facilities have also created a rapidly changing social and educational structure at the State Industrial School for Boys at Golden.

Prior to the construction at the Boys School of several modern cottage-type units, older two and three-story buildings were used as dormitories. These cumbersome structures sometimes housed as many as sixty boys under the supervision of one counselor. Under the program which you authorized,

activities are extensive in the cottage units and a home-like atmosphere is encouraged.

The Juvenile Parole Division began operation July 1, after its creation by the 42nd General Assembly. I am pleased to report that your confidence in this program has been more than justified. Working closely with our training schools, the State Division of Child Welfare and the Department of Rehabilitation, Juvenile Parole has returned many deserving youngsters to their useful place in society. At the same time, an objective determination has been made of those requiring further rehabilitation.

A long-range program for the reclamation of the Penitentiary's farming lands has been initiated. It is hoped that in future years the farming operations will be large enough to accommodate the Penitentiary's agricultural needs, as well as those of our other State institutions. It is gratifying to note that the Penitentiary is now 28 per cent self-supporting.

The ten-year building program at the Penitentiary is in its final stage of completion. A new 80-bed hospital is now in operation and the Maximum Security Building which will house extensive facilities for vocational training, is 80 per cent complete.

Improvements Made at Children's Home

Through the recommendations of a study of the State Children's Home initiated by the Board and my office, and conducted by the Child Welfare League of America, work has begun on providing social services to all children living in the Home. In accord with your decision to cease acceptance of children under 7 years of age, the former concentration of the Home's staff on infant adoptions has been replaced by more intensive professional attention to older children at the Home.

A multi-purpose recreation center is under construction at the Home and is scheduled for completion in June of this year.

Good Start, More Progress Coming

As I discussed with you a year ago, all aspects of our institutional program, and particularly the mental health program, need simultaneous action. We want to focus our

institutional efforts primarily in the fields of treatment and rehabilitation. This complicated program cannot be accomplished immediately, but we have made a good beginning. With your understanding, help and support, we can continue our successful attack on this important responsibility.

HIGHWAY SAFETY

In highway safety, our record and our reputation have suffered. The number of deaths on our streets and highways has been kept below the record year of 1955 when 429 persons were killed—until this year. Now it appears that 1960 will claim 432 persons killed. Yes, we could point to more people, more cars, more tourists, more horsepower and other factors as reasons for the increase. But that does not solve this bloody public problem.

We have spent millions for our roads. We have increased our patrol force. We have improved detection devices. But still the toll climbs.

In 1960 we developed new approaches. Safety Sabbath was begun, and can easily be made a useful annual effort now that the path has been pioneered. The point system was introduced, and needs perfecting. We launched an all-out publicity and education campaign, which is still going on. We held one of the most successful Citizens Committee conferences in years. We are pursuing the effective Joint Military-Civilian Traffic Safety Workshop.

The Colorado Broadcasters Association, and other segments of the communications media, devoted space and time to making all of us better drivers.

But we must seek stronger approaches. Apparently we must substitute better laws and stiffer enforcement for hope, persuasion and outraged statements. I urge you to investigate the application and practicality of implied consent legislation, absolute speed laws and clarifying the jurisdiction of local authorities in traffic violation matters.

EXECUTIVE CLEMENCY ADVISORY BOARD

I am happy to tell you that Colorado is becoming recognized as a national leader in modern parole methods and prisoner rehabilitation.

Colorado's Executive Clemency Advisory Board, created a little more than a year ago, is already serving as a pattern for penal institutions elsewhere.

The creation of this Board by Executive Order has made it possible to establish an orderly case review procedure for all inmates of the State Penitentiary, and the inmate population can now expect a review by the Board after they have been in the custody of the institution for approximately two calendar years.

Through that orderly procedure, the sentences of the inmates have been reviewed in chronological order, beginning with the lowest registry number and proceeding through the roster in an orderly manner. In fourteen meetings, beginning in November, 1959, the Executive Clemency Advisory Board reviewed 286 cases and spent 6,243 man-hours in arriving at their determinations. Commutations were recommended for fifty of the inmates—making them eligible for consideration by the Parole Board.

Review Process Boosts Morale at Pen

Of the 50 recommended for commutation, only 20 have been released from the Penitentiary. Of these 20, there has been only one parole violator, with the others making a satisfactory adjustment in society—under the supervision of the Parole Board.

Assured of fair consideration by the Board, inmates of this institution now have evidence that they are not a forgotten segment of society. The program has had a positive effect upon prisoner morale and has been invaluable in the rehabilitation of inmates heretofore considered hopeless.

A prisoner now has the opportunity to help himself through participation in the Institution's well-planned rehabilitation and vocational training programs. Return to society is based upon an inmate's ability to make a satisfactory social adjustment while under confinement.

This forward-looking program has not cost the State one cent in salaries. The work done by the Board members, the Penitentiary staff, and the Parole Department, is in addition to their regular duties and is on a voluntary basis.

In all cases receiving commutation, the recommended release date was established far enough in advance for the Parole Department to make an adequate check of the inmate's parole plans and to arrange an assignment in the Penitentiary's Pre-Parole Release Center. This Center, another forward step in modern corrections programming, as far as feasible, follows a daily program comparable to that of the average citizen. Pre-parole indoctrination is invaluable to the parolee in making the difficult adjustment from prison life to a useful place in society.

Part of the rehabilitation program at the Center consists of orientation in solving such problems as employment, parole situation, and social re-education. The lectures are supplemented with individual consultations and constructive work assignments. Religious counsel also is an integral part of the program.

We have gone far in changing the concept of penology from that of strict incarceration to one of objective rehabilitation. With your help, we will continue to progress.

EXPORT STUDY

In an unprecedented approach, my office—in cooperation with Federal agencies—launched a study of Colorado firms doing business in the export field. More than 400 firms were contacted in this study. We found that 150 of these firms are now engaged in the export business. From these firms we developed significant information about the role of exports in Colorado's economy.

Colorado firms do between \$90 and \$100 million worth of exporting annually, including both manufacture and services.

This is a substantial increase above the \$60 million estimated in recent years by the World Trade Club.

Thirty-five of these 150 firms indicate they export more than \$100,000 in manufacturing annually.

Colorado not only exports heavy mining and agricultural products but pharmaceutical products, aircraft tools and elec-

tronic equipment as well—and to a wider variety of countries than formerly believed.

Eighteen of Colorado's engineering firms are now engaged in foreign contracts worth approximately \$100 million.

The results of this survey are now being tabulated electronically for use in stimulating and developing our export business. An Export Trade Directory resulting from the survey will be distributed widely.

A special educational program is now being set up to broadcast the knowledge now on tap to help other Colorado businesses enter the export field.

LEGISLATIVE COUNCIL

Your Legislative Council has done an excellent job of surveying the problems you have assigned it, receiving full cooperation from State agencies concerned in its work this past year.

I commend to your attention the Council's reports and recommendations on these subjects: Occupational Disease Disability, Teacher Certification, Sales Ratio, Personal Taxation, Migratory Labor, Juvenile Mental Health, Disposition of Unclaimed Property, the Department of Agriculture, Urban Renewal, and Public School Lands.

Worth noting, I believe, is the fact that both the majority and minority reports of the Public School Lands study indicate a need to review the question of conflict of interest and the role of competitive bidding in the operation of the State Board of Land Commissioners.

HIGHER EDUCATION

With the progress made in the past four years, we can safely—and proudly—say that higher education in Colorado now stands on the threshold of greatness. Now we must act to make certain that we cross that threshold—that our colleges and universities can accommodate the doubled number of Colorado young people who will seek college degrees in the Sixties.

Despite improvements, really comprehensive changes have necessarily been postponed until the General Assembly, the

Administration and the general public has had all the facts. Your Committee for Education Beyond High School has worked on this involved and complicated task during the past three years. The recommendations of that committee are now before you. Public hearings should also be held to give any citizen or interested group an opportunity to make his views known as to the findings of the Committee. The findings of the Pueblo group — The Citizens Legislative Advisory Committee — are directly opposite to those of the Legislative Committee. These differences should be resolved in the best interests of higher education in Colorado. I recommend strongly that more light and less heat be shed on this problem.

Historically, Colorado has always had a large number of colleges—both public and private—compared to its population. We have done well by our children, and in turn our culture, and our economy have flourished. But now we must look beyond our own State's borders. We must recognize the fact that we have become one of the dynamic educational and research centers of our nation as the world enters the Space Age.

I need not elaborate how important this is to all Coloradans. We merely have to look at the chain reactions of recent years. The High Altitude Observatory, begun through a small investment at the University of Colorado in 1946, has been a key factor in attracting some of the Space Age pioneers to Colorado. Then, this contributed significantly to the location of the National Bureau of Standards and—more recently—the National Center for Atmospheric Research in our state. Our defense industries have been a major source of employment for a decade.

In the months and years ahead, we will see our sphere of scientific influence widen rapidly. We will attract more and more public and private facilities for the space and electronic industries. The small snowball that began rolling in 1946 has now become an avalanche.

More Medical Training Needed

The existing and potential medical manpower shortage in the West is cause for concern and the basis of my asking for your consideration of urgent remedial legislation.

Efforts to obtain doctors, dentists, psychiatrists and nurses from other areas, has not materially alleviated this growing problem for Colorado. Therefore, it becomes our two-fold obligation to provide educational facilities for Colorado's potential medical students and at the same time meet our increasing demands for the services of medical personnel in both public and private capacities.

The University of Colorado Medical Center has achieved an outstanding reputation in the training of medical students. However, it is essential, if the remarkable progress achieved by the Center is to be preserved and continued, that a new facility be provided without further delay.

I urge you to authorize commitment of \$15.8 million for the completion of the new hospital and research wing, of which \$10.4 million will be financed from the Capital Construction Fund. This will make possible the second phase of the Center's overall program which includes remodeling of the present obsolescent hospital to afford critically needed teaching and research space for the educational programs and the creation of a new dental school.

Through the addition of these facilities, Colorado will provide leadership in meeting the West's health manpower needs.

To meet the needs of Colorado's young people, to fill the demands of Colorado's changing economy, and to fulfill the promises the Space Age has already unveiled to us, we must provide the best possible educational opportunities at all levels of higher education:

Colorado needs excellent junior college programs of vocational, technical, pre-professional, and general education.

Colorado needs excellent undergraduate programs in the liberal arts and the various occupational fields taught at our colleges.

Colorado needs excellent specialized professional, graduate and post-graduate education and research programs in our universities.

We owe this to our children. We owe this to ourselves if we are to survive as a strong and free nation.

ATMOSPHERIC RESEARCH CENTER

In the future, 1960 may be remembered as the year our nation launched one of its most important new research institutions—the National Center for Atmospheric Research. It was my privilege, nearly three years ago, to lend early official support to the creation of this important research facility. The recent selection of Colorado as the location for this center has already bolstered our State's growing prestige as a major center of knowledge and research. And it gives an exciting preview of the rapid growth of our role in the Age of Space.

The Center will employ several hundred persons, primarily scientists and technicians. The Center will add immeasurably to Colorado's growing reputation as a Space Age base and to our already sizeable array of Space Age industries.

Like the Air Force Academy, the Center will also attract thousands of visitors yearly. In fact, plans are now being developed by the Ford Foundation to establish a museum at the Center.

A major reason we gained this Center was that we have been on the frontier in a new era. The High Altitude Observatory, the Bureau of Standards Laboratory, the Atomic Energy Commission installation at Rocky Flats, the Martin Plant, the North American Air Defense Command, the Air Force Academy and other key installations have led to this latest honor. Our investment in acquiring the Center for Atmospheric Research is small indeed compared to the values it will bring us. Four years of intense effort and planning have gone into this acquisition.

Funds Needed for Atmospheric Center

For these reasons I am asking the General Assembly to provide the authority and the funds to acquire the site needed. The funds amount to approximately \$300,000 for acquiring the real property, helping to extend utilities, assisting in construction of access roads and paying court costs. The authority needed is permission to acquire by negotiation or eminent do-

main the site that has been selected after a nationwide search by the National Science Foundation and the University Corporation for Atmospheric Research.

As an inland state with ridges of mountains for a backbone, Colorado's industries have always been stymied by expensive transportation costs. But now our old handicap is our new advantage. We are easily reached by air from both East and West. Our clear, high altitude climate gives us an opening to outer space which lower states do not enjoy. Our new exports are knowledge, and the lightweight baggage of space. We must capitalize on this.

STATE INVESTMENT POLICY

As you know, the State Treasurer acts as the investment agent for general revenue funds excess to the immediate needs of State government, as well as for funds deposited with him by the several trust funds of the State, including the Workmen's Compensation Fund and the Public Employees Retirement Association fund.

From time to time, criticism has been expressed by the press, by the public and by members of the General Assembly of the investment policies and the earnings from those investments. I am happy to tell you that the Executive Department, the State Treasurer and representatives of the trust funds have initiated and approved a full-scale review of our total investment program and the policies which govern it.

The study is being undertaken by a nationally reputable firm of investment consultants. I am informed that the results of the study will be complete and available for your information during this legislative session.

TAX PROGRAM

The tax reforms passed by the 42nd General Assembly add up to one of the most significant steps forward taken by public officials in the history of our State.

Before those reforms 49 per cent of Colorado's local and state revenues came from property taxes. Sales and excise

taxes accounted for 38 per cent. Income taxes provided only 9.5 per cent, and all other sources 3.5 per cent.

These figures grow in importance when we remember that more than 70 per cent of our total state revenue is already earmarked for certain purposes—pensions, highways, welfare—at the time it is collected. In a nutshell, the problem facing our State was how to put our government on a pay-as-you-go fiscal basis yet spread the tax load among individuals on an ability-to-pay basis.

The answer recommended by the Tax Study and accepted by the General Assembly was to build up the income tax portion of the total State tax bill and reduce the property tax portion. In the first year following these changes, property taxes were reduced \$4.5 million. The second year will see an additional \$1.5 million reduction in property taxes, and a further tax reduction is recommended in this message. By 1965, the State should be removed from the property tax field altogether—leaving this important source of income entirely to local government where the individual citizen can exercise much more control over it.

Bolstering the role of the income tax, of course, affected all taxpayers—except those whose income is so low that they have no tax base. In this regard, it is important to remember that before the tax reforms 170,000 of the 525,000 taxpayers who filed returns paid taxes of only \$2 or less per year. I cannot believe that any taxpayer whose payment to the State lies in this range would object to doubling or tripling his contribution when he knows that it is buying for him and his family better schools, better colleges, improved State institutions and better management of the public's business in general.

No Excessive Surplus in View

We will not have the final chapter in this story of Colorado's fiscal history until the full returns are in for the first full year of operation. According to the best and most recent information we now have, I feel confident in predicting that there will be no large surplus. And let me remind you that in the past two years we have shifted our capital construction away from the expensive mill levy and anticipation warrant method to pay-as-you-go. The savings in interest payments



PHOTO COURTESY ROCKY MOUNTAIN NEWS

*"It is a balanced budget . . . financed from available revenues,
yet permitting a property tax reduction of \$2.5 million . . ."*

and the improved budgeting and planning this makes possible stretches our tax dollars further. They now buy more.

Some fears were expressed that changes in our taxes would drive new industry away from Colorado. These fears existed despite the fact that all reputable studies conclude that industries contemplating relocation place a high premium upon the stability and predictability of the local and state tax burden—much as an American investor studies the stability of the government of a foreign country before investing in holdings in that country.

I am pleased to report that the trend of corporations moving to Colorado has increased since the tax reforms. In 1959, 383 "foreign" corporations started operations in our State. During 1960, 398 out-of-state corporations became established here.

I believe these figures are reassuring. They show that modern, aggressive, enlightened business leaders are more concerned that their employees have better schools, colleges and effective government services—and their firms have a more stable and sound operating climate—than they are in gaining favorable tax benefits for themselves or their firms.

Due to the new elements in our tax structure which may not have been clearly understood this first year, I recommend strongly that you waive the penalties on those state income taxpayers who have failed to file declarations and estimates and to make advance payments on their 1960 State income taxes.

GENERAL BUDGET

The total budget for the State of Colorado for the fiscal year beginning July 1, 1961 and ending June 30, 1962 is \$349.4 million. Three-fourths of this is financed by earmarked taxes and Federal aid grants. More than 80% of the total budget is for four major functions—highways, 24 per cent; education, 25 per cent; welfare, 26 per cent, and institutions, 7 per cent.

General Fund Operating Budget

Of primary interest to members of the General Assembly is, of course, the appropriated budget for the State General

Fund—25% of the total budget. Revenue for the General Fund comes from non-earmarked revenues, and is the main source of financing for public school aid, institutions of higher learning and other institutions.

Current Fiscal Summary

Estimated expenditures from the General Fund applicable to the present 1960-61 fiscal year total \$90.3 million, including \$2.5 million in requested supplemental appropriations to agencies and \$1 million to supplement the Old Age Pension medical care program. General Fund revenues available on a current basis are estimated at \$94.1 million. This will enable the transfer of \$3.8 million to the Capital Construction Fund on next June 30th, leaving only the \$10 million appropriated for working capital in the General Fund.

General Fund Operating Budget for 1961-62

Requests from agencies and institutions for appropriations from the General Fund for the coming fiscal year (1961-62) totalled nearly \$106.1 million, plus \$2 million for medical care for the aged. If approved, this would mean an increase of about \$18 million, or 20 per cent, above the \$90.3 million expenditure in the current year.

Although the amount to be recommended from the General Fund is considerably less than the amount requested by the agencies and institutions, it is sufficient. It allows for growth in the present School Foundation Act, and for meeting the expanding needs of our colleges, universities and institutions.

It is a balanced budget. It can be financed from available revenues, yet still permit sufficient leeway to reduce the state property taxes by \$2.5 million so that the state levy can be reduced from 2.2 mills this year to 1.5 mills next year. The total recommended General Fund Budget for 1961-62, excluding the medical care amount, is \$97.6 million, which is an increase of \$8.3 million or 9.3 per cent over 1960-61 estimated expenditures. Adding \$2 million for medical care for the Old Age Pension program brings the total to \$99.6 million. The budget includes such major items as:

School Support

Support for local school districts, including the amounts for the School Foundation Act and the school transportation systems, will require \$35,880,000, compared with \$33,926,000 this year—an increase of \$1,954,000 or 5.7 per cent.

The Department of Education and its related programs require \$2,910,000, compared with \$2,680,000 this year—an increase of \$230,000 or 8.6 per cent.

These educational functions represent nearly 40 per cent of the General Fund operating budget.

Institutions of Higher Learning

For institutions of higher learning, I recommend \$27,027,000. This, compared with \$23,430,000 for the present year, is an increase of \$3,597,000 or 15 per cent. In making this recommendation, we have taken into consideration the future needs of the nation for improved and enlarged higher education facilities. While it has not been possible to recommend increases to the extent requested by the institutions of higher learning because of limited resources, some needed progress can be made with this amount. It provides modest salary increases for the faculties and additional faculty members where required to meet increased enrollments anticipated next fall. It will enable some improvements by state supported institutions of higher learning to upgrade the quality of education.

The amount recommended represents nearly 28 per cent of the General Fund Budget.

Other Institutions

Other institutions have been allocated \$20,370,000. This, compared with \$18,450,000 this year, is an increase of \$1,920,000 or 10.4 per cent. The largest single increase in this category is \$933,000 for the State Hospital at Pueblo, largely for expansion of its staff; and \$551,249 for the Fort Logan Mental Health Center, which should get into operation in the coming fiscal year. Most of the increases at the other institutions represent statutory salary increments for existing personnel and additional expense of increased inmate population.

In addition, increases are provided as follows: \$23,330 for the new Juvenile Parole Division; \$44,868 for the recently

activated Department of Institutions; and \$16,800 for payments to Juvenile Probation Officers. The institutions account for nearly 21 per cent of the General Fund Budget.

Other Purposes

All other purposes, which collectively represent 11 per cent of the General Fund Budget, require \$11,414,000. This compares with \$10,815,000 this year, an increase of \$599,000 or nearly six per cent. Amounts recommended for other purposes which call for a greater than nominal increase are the following:

\$335,000 for the Division of Accounts and Control, which covers the next step in installing and staffing a data processing computer center. This, together with coordinated systems in the Departments of Revenue, Highways, Industrial Commission and Employment, has been recommended by the study made at the direction of the General Assembly by an outstanding firm of business consultants, and will have an important effect on the speed and efficiency of account, payroll, budget and other data processing activities of the State. It will enable more rapid production of management data, as well as many statistical by-products for use by legislators and others in their studies of various State problems which are not now available except at a great cost in personnel time and other considerations.

\$137,000 for the Department of Rehabilitation, which will enable full implementation of the general rehabilitation program as well as a continuation of programs this agency has started with the Institutions Department.

\$29,000 for a survey of timber resources of the State.

\$46,000 additional for advertising and publicity.

\$31,000 for industrial development.

\$18,000 to the Department of Public Health and \$36,000 to the Bureau of Mines for a program to combat and control radioactive radon gas dangers in the mines of Colorado.

\$84,000 for the State Fair Commission.

\$23,000 more for studies of the water resources.

\$48,000 for the Civil Service Commission.

\$20,000 for the Park and Recreation Board.

A sufficient sum to carry forward the reorganized program of the Colorado Tax Commission.

Other increases have been held to an absolute minimum.

You can readily determine that most of the budget increase is for educational purposes, including state-supported institutions of higher learning, and for the State penal and mental institutions. Any reductions in revenues flowing to the General Fund will serve only to reduce the amounts available for these purposes. The other functions constitute just over ten per cent of the General Fund Budget.

General Fund Revenue

Estimated receipts to the General Fund for 1961-62 from current sources are \$102,152,000 which—after deducting the \$2,000,000 you are asked to appropriate for medical care for the aged under the Old Age Pension program, and with the allowance for transfer of \$2,548,000 to the Capital Construction Fund on June 30, 1962—means that \$97,600,000 is available for the General Fund operating budget.

Major sources of General Fund revenue are as follows:

Income tax: \$63,700,000 or 63.6 per cent; Sales, Use and Liquor taxes: \$19,850,000 or 17.8 per cent; Inheritance tax: \$5,000,000 or 5 per cent; Insurance taxes \$4,900,000 or 4.9 per cent; Pari-mutuel racing tax: \$2,500,000 or 2.5 per cent; and all other sources \$6,202,000 or 6.2 per cent.

These estimates reflect a belief that Colorado's economy will continue to grow in 1961-62 at a rate approximating five per cent. Although there are indications of some depressed areas in the United States, it is not believed that Colorado will be greatly affected in its revenues because of this during the coming fiscal year. The general trend of the national economy is for a greater-than-average growth in the Western states, and with all of us doing our share to encourage industrial development, and with resultant economic growth, it is believed that the estimates will be achieved.

Capital Construction Budget

Since the establishment of the Capital Construction Fund by the 1959 session of the General Assembly, nearly \$18.8 million has been transferred to that fund. Appropriations made against this fund by previous sessions of the General Assembly total about \$11.4 million, leaving an unencumbered balance in that fund at present of nearly \$7.4 million. We anticipate a transfer of \$3.8 million at the end of 1960-61, and we have budgeted a further transfer of \$2.5 million at the end of 1961-62, making a total available of \$13.7 million.

I ask that you make it continuing state policy to transfer at the end of each Fiscal Year to the Capital Construction Fund any money in the General Fund over the \$10 million retained for working capital. By gradually increasing the amount budgeted for the fund every year, a level can be attained to sustain pay-as-you-go financing and considerable inroads can be made into the backlog of necessary public works for state agencies and institutions.

Appropriations of \$19.3 million from the Capital Construction Fund are recommended to you at this session, and although this will involve more money than is immediately available in the fund it will be three or four years before the projects can all be completed. By continuing the concept of pay-as-you-go and by setting aside in each annual budget the necessary sums to meet each year's cash commitments, this plan can be fully carried out. In addition to the recommended appropriations, I ask that you make it possible for the State Park and Recreation Board, the Game and Fish Commission and the State Board of Agriculture to acquire land for their purposes, within appropriation limits and with the usual fiscal controls of the State, to avoid unnecessary delays encountered under the capital construction procedure.

Public Works, 1956-60

I should like at this time to review with you the public works program that has been accomplished in the past five years—including some projects which are presently under construction, some which are now in the planning stage, and those which are recommended for your favorable consideration.

Excluding highway construction, more than \$41 million of tax-financed new buildings and improvements—involving 251 separate projects—has been completed in the last five years by the State of Colorado at state-supported colleges and institutions, and by several departments and agencies. Of the total, 55 projects were completed in 1956 at a cost of more than \$7 million; 42 projects in 1957 at a cost of \$7.4 million; 44 projects in 1958 costing \$6.5 million; 55 projects in 1959 at a cost of \$8.5 million; and 55 projects completed in 1960 at a cost of over \$13 million. Most of the money used in financing these projects was obtained from the State property tax levy supplemented by appropriations from the State general fund, other tax sources, Federal funds, and some gifts.

In addition to amounts invested in capital improvements in the last five years, at the close of 1960, 64 projects having a value of more than \$12 million were under construction, and 55 projects having a value of nearly \$24 million were in various stages of planning.

Included in the Capital Construction Projects completed since 1956, now under way or in the planning stage, are projects at the following locations:

<i>Location</i>	<i>Amount</i>
Adams State College, Alamosa.....	\$2,258,000
School of Mines, Golden.....	2,875,000
Colorado State College, Greeley.....	4,100,000
Colorado State University, Fort Collins.....	9,300,000
Agricultural Experiment Stations.....	486,000
University of Colorado, Boulder.....	8,500,000
University Medical Center, Denver.....	1,944,000
Western State College, Gunnison.....	2,134,000
Fort Lewis A & M College, Durango.....	1,369,000
Fort Logan Mental Health Center.....	3,900,000
State Hospital, Pueblo.....	9,940,000

State Home and Training School, Wheat Ridge.....	5,034,000
State Home and Training School, Grand Junction.....	1,837,000
Penitentiary, Canon City.....	3,300,000
Reformatory, Buena Vista.....	2,026,000
Boys Industrial School, Golden.....	1,475,000
Girls Training School, near Morrison.....	776,000
Children's Home, Denver.....	375,000
School for Deaf and Blind, Colorado Springs.....	481,000
Public Health Department, Denver.....	1,300,000
Fair Grounds, Pueblo.....	216,000
National Guard Armories at Montrose, Grand Junction, Fort Collins, Colorado Springs, Greeley, Cortez	787,000

We are presenting for your consideration additional building needs of \$27.5 million of which \$8.2 million would be financed by existing appropriations from property taxes, supplemented by Federal grants and other gifts, and \$19.3 million would be appropriated from the Capital Construction Fund. A list of the projects has been placed on your desks.

Property Tax Reduction

As I have previously stated, a large proportion of the financing of the projects now completed or authorized has come from the State property tax. The State mill levy for 1961 has been fixed at 2.2 mills. I have recommended that you reduce the property tax mill levy from 2.2 mills this year to 1.5 mills for 1962, and in place of the \$2.5 million reduction in property taxes that you set aside \$2.5 million, or more, from income, excise, or other taxes levied by the State. But it is also my recommendation that the remaining 1.5 mills of the State Property Tax be continued through 1965 to finish building projects planned in 1955 for completion by use of this source of financing. And, we must plan now, this year, for what will occur in 1965 if the remaining mill levies are to be repealed at that time. We must plan on providing a minimum

of \$8 million per year from current revenues in order to finance necessary capital construction in the future.

I cannot emphasize too strongly that the annual investment in public works in our large and growing State of necessity must be in the proportions presented in order to maintain, replace, and construct new buildings at institutions, for parks and recreation purposes, for other agencies, to meet the ever-growing needs of a greatly expanded population, and to provide necessary facilities at existing state-supported institutions of higher learning to catch up and to prepare for the impending tidal wave of students which will be entering colleges in 1964.

Furthermore, facilities are provided which will permit full utilization of the capabilities of costly, skilled professional employees and faculties, for the benefit of society as a whole. I call attention to the fact that money invested in buildings and other public works is not expended in the usual sense of the word. Rather, it is an exchange of assets—exchanging money assets for building assets—and, like Colorado's pioneers, building not only for this generation, but for generations yet to come.

The State does not now have any outstanding general obligation debt. This is partially the result of necessary neglect during the 1930's and 1940's when depression or war prevented new construction. Since that time, each succeeding General Assembly has been faced with both the problems left over from the past and with the challenge of the future. Some of them admirably met their responsibilities. I ask that this General Assembly also face up to its responsibilities for the future of this great State. I am confident it will, if it believes in strong State and local government and if it does not wish to look to some higher government to do the things that are properly State and local functions.

Hopefully, with proper long-range planning and with a continual meeting of the financial obligations that go with such planning, the State of Colorado can avoid long-term borrowing for public works which usually results in repayment of nearly one and one-half dollars for every dollar that the State receives in capital assets. With pay-as-you-go financing, the State receives one dollar of capital assets for every dollar

invested. Future needs may some year require that bonds be issued if the demands for public works facilities become such that pay-as-you-go is no longer possible except under a very heavy tax burden. But such is not now the case, and this uneconomical eventuality can be deferred for some time by continuing present plans of utilizing part of our current dollars, and by not expecting future generations to pay for our responsibilities. They will have new problems in their time.

If at any time I, the staff of my office or any representatives of any of the departments of State government can assist you, please advise me.

As you begin your responsible task, may God's blessing be yours, and may He guide your deliberations.

CAPITAL CONSTRUCTION RECOMMENDATIONS

	Capital Const. Fund	Cash Fund	Fed. or Other Funds	Total
Capitol Buildings.....	\$ 373,700	\$ 112,000	\$ 0	\$ 485,700
Colorado National Guard.....	45,000	0	135,000	180,000
Colorado State Patrol.....	0	219,751	0	219,751
Department of Revenue.....	0	100,000	0	100,000
Game and Fish Department.....	0	968,770	0	968,770
Miscellaneous small projects.....	0	159,133	0	159,133
Park and Recreation.....	140,000	125,000	0	265,000
State Fair.....	0	31,750	0	31,750
Industrial School for Boys.....	252,500	0	0	252,500
Training School for Girls.....	225,741	0	0	225,741
Children's Home.....	182,400	0	0	182,400
Home & Trg. Schl.—Gd. Jct.....	462,392	0	15,168	477,560
Home & Trg. Schl—Ridge.....	218,475	0	22,800	241,275
Penitentiary.....	283,000	150,300	0	433,300
Reformatory.....	1,244,600	0	0	1,244,600
Ft. Logan Mental Health Center.....	3,034,230	0	0	3,034,230
School for Deaf & Blind.....	170,000	0	0	170,000
Historical Society.....	50,000	0	0	50,000
Colorado State University.....	1,530,000	150,000	0	1,680,000
CSU Experiment Station.....	195,445	172,000	0	367,445
Colorado State College.....	20,000	50,000	0	70,000
Ft. Lewis A & M College.....	15,000	87,900	0	102,900
University of Colorado.....	0	290,000	100,000	390,000
U of C—Medical Center.....	10,434,000	4,211,000	1,200,000	15,845,000
Western State College.....	432,000	38,000	0	470,000
TOTAL.....	\$19,308,483	\$6,856,604	\$1,472,968	\$27,647,055*

* Note:—An additional \$300,000 for acquisition of land for the new national Atmospheric Research Center to be located in Boulder, Colorado has been requested of the General Assembly.

BUDGET SUMMARY — GENERAL FUND

	1960-1961* Estimated Expenditures	Requests 1961-1962	Recommendations 1961-1962	Percent of Budget	Increase Recommendation Over Expenditures	Increase Percent
EDUCATION						
Public School Fund.....	\$32,010,000	\$34,893,665	\$33,830,000		\$ 1,820,000	
Transportation.....	1,916,000	2,140,337	2,050,000		134,000	
Other Educational Functions.....	2,679,881	3,368,181	2,910,579		230,698	
Sub-Total—Education.....	\$36,605,881	\$40,402,183	\$38,790,579	39.7	\$ 2,184,698	6.0
HIGHER EDUCATION.....	\$23,430,293	\$29,823,682	\$27,027,648	27.7	\$ 3,597,355	15.4
INSTITUTIONS.....	\$18,449,860	\$22,393,390	\$20,369,573	20.9	\$ 1,919,713	10.4
ALL OTHER						
General Administration.....	\$ 3,437,285	\$ 4,123,721	\$ 4,037,233			
Business—Commerce—Regulatory.....	1,686,387	1,979,456	1,878,125			
Natural Resources.....	1,439,784	1,780,968	1,630,549			
Agriculture.....	658,376	1,538,318	832,039			
Health, Welfare, Rehabilitation.....	1,768,657	2,907,603	2,013,977			
Judiciary.....	959,760	1,003,342	938,729			
Legislative.....	832,679	85,619	85,619			
Relief Appropriations.....	33,877	0	0			
Sub-Total—All Other.....	\$10,816,805	\$13,419,027	\$11,416,271	11.7	\$ 599,466	5.5
TOTAL OPERATING EXPENDITURES.....	\$89,302,839	\$106,038,282	\$97,604,071	100.0	\$ 8,301,232	9.3
Supplemental Medical Care for Aged.....	\$ 1,000,000	\$ 2,000,000	\$ 2,000,000			
GRAND TOTAL.....	\$90,302,839	\$108,038,282	\$99,604,071			

* Includes Supplemental Appropriations.

SUPPLEMENTAL APPROPRIATIONS REQUESTED

From General Fund

Salary Act—Controller.....	\$ 560,663
Governor's Mansion.....	7,228
Civil War Centennial Commission.....	2,595
Division of Accounts & Control.....	82,936
Division of Archives & Public Records.....	6,110
Legislative Reference Office.....	2,356
Initiated & Referred Measures.....	30,766
Bureau of Mines.....	27,180
Water Commissioners & Deputies.....	27,811
Park & Recreation Board.....	21,194
Department of Rehabilitation.....	38,106
Department of Institutions.....	53,107
Juvenile Probation Officers.....	5,000
Colorado State Penitentiary.....	357,350
Colorado State Hospital.....	327,526
Committee on Veterans' Education and Training.....	3,329
Colorado General Hospital.....	126,853
District Courts.....	12,377
Courts Administration.....	1,304
Statute Revision.....	32,500
Legislative Department.....	754,500
Relief Appropriations.....	33,877†
	\$ 2,514,668
Medical Care for the Aged.....	1,000,000
TOTAL.....	\$ 3,514,668

From Cash Funds

Salary Act—Controller.....	\$ 113,848
State Board of Accountancy.....	3,676
State Board of Veterinary Medicine.....	660
Relief Appropriations.....	102,673‡
TOTAL.....	\$ 220,857

† For claims against the State for past salaries of employees at the Girls Training School \$2,071.25; State Department of Education \$7,508.89; Chaffee County for expenses of criminal court cases involving Reformatory inmates \$546.76; and \$23,750 for expenses of resurvey of Colorado-New Mexico Boundary.

‡ For payment of damage settlements in connection with Georgetown Dam flood.

GENERAL REVENUE FUND

Statement showing actual receipts to the General Revenue Fund for the Fiscal Year ending June 30, 1960; also estimated receipts for the Fiscal Years ending June 30, 1961 and June 30, 1962.

SOURCE	Actual Receipts July 1, 1959 to June 30, 1960	Estimated Receipts July 1, 1960 to June 30, 1961	Estimated Receipts July 1, 1961 to June 30, 1962
Income Tax Personal and Corporate.....	\$45,155,537.29	\$59,800,000	\$63,700,000
Inheritance Tax.....	6,189,492.47	4,400,000	5,000,000
Insurance Tax and Fees.....	4,543,180.23	4,650,000	4,900,000
Sales, Use & Liquor Tax—15% Surplus.....	4,497,804.48	4,000,000	4,350,000
Sales, Use & Liquor Tax—85% Surplus.....	11,000,000.00	13,000,000*	15,500,000*
Pari Mutuel Racing Tax.....	2,452,759.70	2,400,000	2,500,000
Foreign & Domestic Corporation Tax.....	830,959.35	750,000	800,000
Gift Tax.....	448,501.24	300,000	400,000
Interest on Deposits & Investments.....	1,574,125.27	1,800,000	1,900,000
Store Licenses.....	203,418.45	200,000	205,000
Secretary of State Fees.....	308,748.94	270,000	300,000
Bank Commissioner Fees.....	201,855.07	218,000	245,000
Capitol Building Rentals.....	288,717.40	250,000	250,000
Agriculture, State Department of.....	48,674.75	50,000	50,000
Savings and Loan Department.....	56,322.92	63,000	67,000
Public Health, Department of.....	111,936.60	101,400	105,000
Securities Commissioner.....	72,939.24	70,000	70,000
Public Utilities Commission.....	49,853.38	50,600	55,000
Revenue Department Surplus.....	173,201.67	170,000	170,000
Business & Professional Boards.....	61,605.23	53,000	57,000
All Others.....	368,407.23	286,000	300,000
TOTAL REVENUES—JULY 1 to JUNE 30.....	\$78,638,040.91	\$92,882,000*	\$100,924,000
Add:			
Revenues accrued at end of Fiscal Year:			
Revenue Department—Surplus.....	\$ 1,084,963.39	\$ 1,200,000	\$ 1,200,000
Business & Professional Boards—Surplus.....	34,181.23	15,000	25,000
Others.....	99,784.44	3,000	3,000
TOTAL FISCAL YEAR REVENUES**.....	\$79,856,969.97	\$94,100,000*	\$102,152,000*

* Net amount before deducting \$1,000,000 in 1960-1961 and \$2,000,000 for 1961-1962 for supplemental old-age pension medical purposes; and \$3,799,000 in 1960-61, and \$2,548,000 in 1961-62 for Capital Const. transfers.

** Does not include amounts earned by state institutions, and which are used to supplement General Fund appropriations.

SUMMARY OF CAPITAL CONSTRUCTION FUND

July 1, 1959 Balance	\$ 1,501,623.00
Receipts:	
Balance of Surplus—End of Fiscal Year 1958-1959	\$ 6,033,462.31
Financing Transfers—Building Funds	35,000.00
Total Revenues 1959-1960	6,068,462.31
	<u>\$ 7,570,085.31</u>
Expenditures:	
1959-1960 Appropriations—Expended	463,319.54
Balance—June 30, 1960	<u>\$ 7,106,765.77</u>
Receipts:	
Surplus End of Fiscal Year 1959-1960	\$11,045,297.59
Receipts from Sales Tax Refunds on Construction	1,339.17
Financing Transfers—Girls' School Cash	4,000.00
Total Revenues to December 31, 1960	\$11,050,636.76
Financing Transfers due from Other Funds	653,000.00
Total Receipts and Transfers due from Other Funds	<u>\$11,703,636.76</u>
Total Available	<u>\$18,810,402.53</u>
Expenditures and Appropriations:	
Appropriations Expended July 1, 1960 to	
December 31, 1960	\$ 1,379,394.66
Appropriations Unexpended at December 31, 1960	10,039,956.80
	<u>11,419,351.46</u>
Unappropriated Surplus—December 31, 1960	<u>\$ 7,391,051.07</u>
Add:	
Estimated Transfers at End of Fiscal Year 1960-1961	\$ 3,797,161.00
Estimated Transfers at End of Fiscal Year 1961-1962	2,547,929.00
	<u>6,345,090.00</u>
Total Available Through 1961-1962	<u>\$13,736,141.07</u>
Recommended Appropriations	<u>19,308,483.00</u>
Required Additional Financing in Next Three Years	<u>\$ 5,572,341.93</u>

