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MESSAGE

by

GOVERNOR
STEVE McNICHOLS



SECOND SESSION
of the
FORTY-THIRD
GENERAL ASSEMBLY
of the
STATE OF COLORADO
AT DENVER

January 8, 1962

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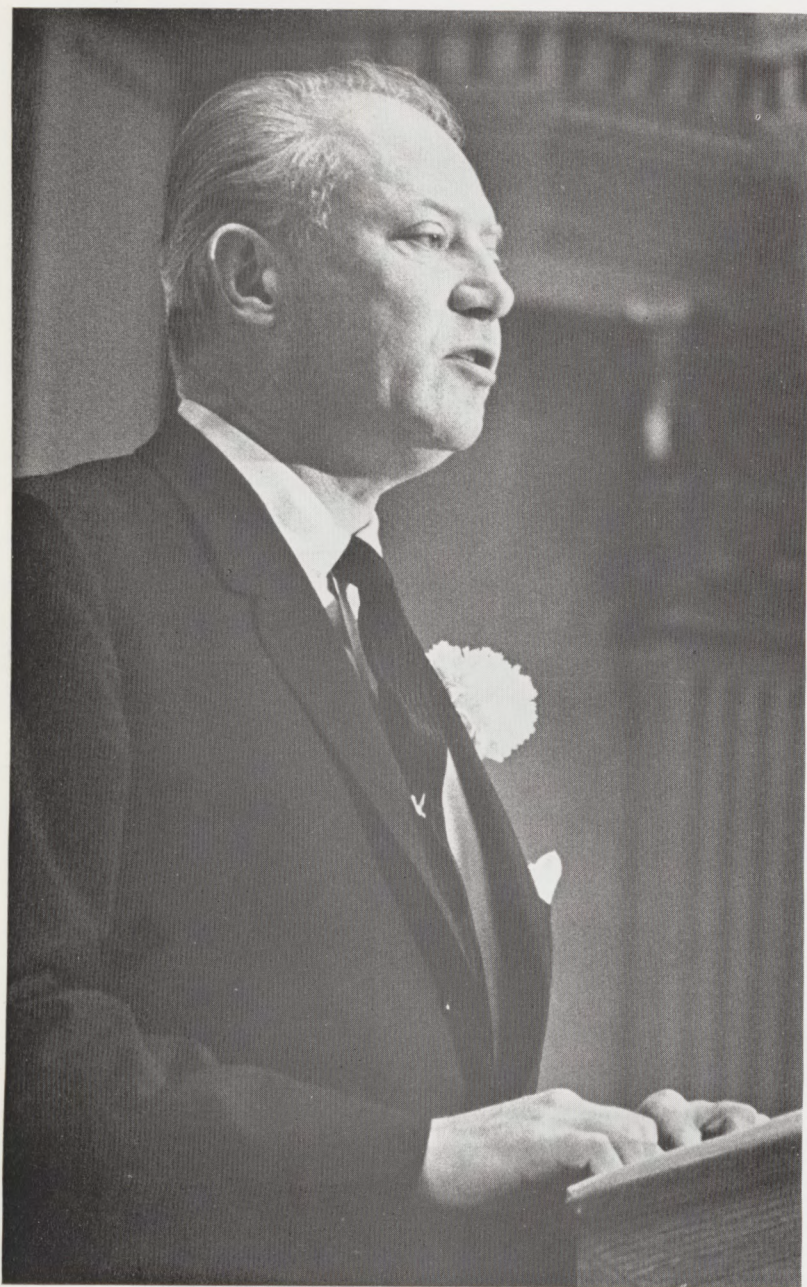


PHOTO COURTESY DENVER POST

"We have lived up to the challenges . . ."

"Our tax structure based on ability to pay is fair and equitable . . ."

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MESSAGE

by

GOVERNOR STEVE McNICHOLS



SECOND SESSION OF THE FORTY-THIRD

GENERAL ASSEMBLY

OF THE STATE OF COLORADO

JANUARY 8, 1962

Mr. President, Mr. Speaker, Reverend Williams,
Honorable Senators and Representatives,

Distinguished Guests, my Fellow Citizens:

It is my privilege and responsibility to appear before you today to extend my warm personal welcome to the Second Session of the 43rd General Assembly and to comply with the constitutional responsibility of reporting to you and suggesting matters for your consideration.

Before proceeding to that report, I would like to pause to pay tribute to the memory of three stalwart members of Colorado State government. Representative Clem Crowley served the House of Representatives ably and conscientiously for nine terms. His death closes that responsible chapter and grieves all of us. Leon Lavington served the people of Colorado in several capacities for many years. This untimely passage has removed from us a skilled and competent public servant, whose devotion to a modern and equitable State civil service system so ably marked his career.

Walter B. Cooper, Chairman of the State Board of Agriculture, also left us during the past year—ending a lifetime of service in a variety of public positions.

In delivering this report to you, I am proud to tell you that Colorado's economy made significant headway during the past year. More people had more jobs at better incomes than ever before. We continued to build up a more diversified economy.

The trend in attracting space age industries continued. Overall, fifty new manufacturing plants were established in our State during the past year compared to thirty-one the previous year. Our employment in manufacturing gained 6% in the first nine months of 1961—while the national trend showed a decline of 1.6%.

Personal Income Growth Tops 48 States

Personal income received by Colorado residents, probably the best barometer of our economic well-being, continued to rise sharply. Projections indicate that our record \$2,320 per capita income in 1960 increased to \$2,425 in 1961.

Our rate of growth in total personal income for 1960—an increase of 8 percent—was the eighth highest in the nation. Data for the first nine months of 1961 indicate that this growth has continued—and on this basis Colorado ranked first among the states of the nation except for Hawaii.

In dollar terms, our per capita income is startlingly high compared to 1950 when it stood at \$1,444. In the decade 1950 to 1960, the increase averaged \$88 per year—and since 1956 has grown at the exciting rate of \$115 per year.

In brief, the Colorado economy has experienced an unprecedented rate of development during the past few years, and most of our citizens are doing better income-wise than ever before.

Our State finances reflect this general condition of economic health.

I am pleased to report again that the State of Colorado is operating on a balanced budget.

Our State is completely free of general obligation debt. Our State has a comparatively small balance on hand. Our State has reduced its property tax mill levy to 1913 levels. And our State is financing its capital improvements on a pay-as-you-go basis.

I believe no other State can match this record.

We are all concerned with the price tag of these accomplishments. I am pleased to report that we have now completed preliminary studies on the basic tax reforms enacted by the 42nd General Assembly.

The State received more income tax in the General Fund in the 1960-1961 fiscal year than was estimated.

Although the original income tax estimate for 1960-1961 was revised upward during the legislative session a year ago to \$63 million reflecting more current data on economic growth, there actually was collected a total of \$68 million, or \$5 million more than the revised estimate.

Revenue Estimates Only Slightly Off

As it turned out, the revised estimate of income tax for 1960 was not too far off. The actual amount due the State on 1960 income was \$65 million instead of \$63 million estimated. What was not foreseen was that taxpayers would pay more in advance on their 1961 income tax liability than their advance payments made the previous fiscal year on their 1960 tax liability.

For example, advance payments on 1961 income tax received from withholding and estimates during the first six months of 1961 were almost \$6 million more than the amount collected from the same sources in the preceding fiscal year.

In other words, income taxpayers last spring paid not only their 1960 tax but also part of their 1961 tax.

Because of the introduction of the withholding tables on July 1, 1961, it is estimated that the rate of advance payment will be sustained in the present fiscal year. But it is important to note that this cushion is expected to decline by nearly \$3 million in the following fiscal year. Obviously, it is not possible over a period of years to collect more than the tax liability. However, as long as our economy is growing the withholding and estimate payments will provide some cash flow in excess of the actual tax liability.

These factors are woven into the income tax estimates which I will give later in discussion of the General Budget.

I now wish to report to you some of the major findings of a survey of 1960 income tax returns which indicate how the tax reforms affected individual income taxpayers of our State.

I will provide you with complete copies of this analysis within the next two weeks for your own study and review.

I believe you will agree with me that the new tax structure you have given to Colorado is fair and equitable—and also is responsive to modern economic conditions.

Four Basic Changes Affected Individuals

Before the tax reforms the Colorado income tax accounted only for a small fraction of our State's total tax revenues—less than one-seventh of the total. The overwhelming majority of families in our State paid no State incomes taxes, or only a very small amount. For example, more than half of the persons filing returns in 1958 paid \$10 or less in annual income taxes.

In short, our State was not utilizing the income tax—which is generally considered the most equitable tax of all because it is based on the taxpayer's ability to pay. Colorado had badly overloaded the property tax. We were depending much too heavily upon sales and excise taxes, which have their heaviest impact on the lower-income families.

You will recall that four significant changes were made in Colorado's personal income tax:

1. We changed the 1-to-10 percent rate brackets on net taxable income to 3-to-9 percent;
2. We raised exemptions on surtax income from \$600 to \$5,000;
3. We made medical expenses fully deductible;
4. We shifted long-term capital gains and losses from a 6-month to a 30-month basis.

In sum the total amount collected from individuals through the personal income tax for the calendar year 1960 amounted to almost \$44 million. This represents a significant shift in the role played by the income tax in supporting State government.

You will also remember that the 1959 Tax Reform Program effectively increased the corporate income tax by not permitting corporations to deduct federal taxes in computing their State income taxes. In this respect, Colorado now follows the practice of the overwhelming majority of income tax states.

On the other hand, two of the changes we made affecting individual income taxpayers produced a tax saving for them of \$4.4 million per year. The new full medical deduction accounted for a saving of \$3.4 million for taxpaying families—and most of these were in the middle and low-income groups. The change in the surtax exemption provided another \$1 million of tax saving.

Property Tax Reduced To 1913 Levels

I also am particularly pleased to report the sharp reduction in the State property tax. The State mill levy has now been reduced from 3.6 mills to 1.45 mills—the lowest State property tax rate since 1913.

This amounts to an annual saving of \$8.3 million in property taxes based on 1961 assessed valuations. However, to a large extent this reduction has gone unnoticed. Many local taxing districts, pressed by rising populations and higher costs, have picked up the mill levy which the State abandoned. However, those of us in State government must be philosophical rather than chagrined about this.

Remember, that one recommendation from the 1959 Tax Study was that the property tax should be reserved for supporting local government. We have made a significant contribution to the concept of keeping our self-government as local as possible, giving the citizen more voice in how his property tax dollars are spent.

Moreover, it is a vitally important shift, particularly to farmers who have been squeezed by rising costs and declining income in recent years.

In summary, the reductions in the income tax plus the sharp decrease in the State property tax mill levy resulted in a total tax saving of almost \$13 million during the past year.

When Colorado's individual income tax collections are expressed as a percentage of the State's total personal income it amounted in 1960 to only one percent. Prior to the tax

reforms it amounted to about two-thirds of one percent. I think this is revealing. It shows the magnitude of the tax increase realistically—in terms of ability-to-pay.

Also, it makes each of us ask ourselves: "Isn't fiscal responsibility in State government worth this small additional cost?"

Moreover, it is important to remember that the vast majority of persons in the lowest income groups were not affected by the tax reforms of 1959.

One-Third of Taxpayers Pay Less Than \$10

The survey shows that approximately 145,000 persons of the 580,000 filing returns, or one out of every four, paid no 1960 income tax. Moreover, on 90 percent of these non-taxable returns, the income reported was less than \$5,000 for the year.

Equally significant is the fact that one-third of all taxpayers incurred a total tax of less than \$10 for the year 1960. And almost one-half of all returns showed a total tax of less than \$30 for the year. It is obvious that families falling into this latter category pay less in income taxes than they do in State sales and excise taxes.

How does Colorado's income tax compare to the Federal income tax in terms of impact on taxpayers of different income levels? The analysis demonstrated that our income tax is still more "progressive" than the Federal income tax.

This means that persons in the highest income groups—\$10,000 and above—still pay a larger share of the total State tax than they pay of the total Federal tax. In contrast, the middle-income groups—those between \$5,000 and \$10,000—continue to pay a smaller proportion of the total state tax than they do of the federal tax. And the lowest income groups—those with incomes of \$5,000 and below—pay about the same percentage of both state and federal taxes.

The study also revealed the following "progressive" factors of our State income tax:

The 40,000 taxpayers with adjusted gross incomes of \$10,000 or more made up 7 percent of the total number, yet paid more than 47 percent of the total tax. In 1957, slightly more than 4 percent were in this range, and they paid 57 percent of the total tax.

At the opposite end of the scale, approximately 200,000 taxpayers with incomes of less than \$3,000 represented 34 percent of all returns filed but paid only 4 percent of the total tax collected. This is the same percentage this group contributed

prior to the tax reforms due to the fact that families in this income group generally were not affected by the changes, as I mentioned earlier.

How Tax Reforms Affected Income Groups

In between these two extremes, the survey revealed:

Taxpayers with incomes between \$3,000 and \$5,000 represented about 27 percent of the total number of returns and paid 14 percent of the total tax collected. In 1957, this group represented 37 percent of taxpayers and contributed 12 percent of the total.

The middle-income group, those taxpayers reporting between \$5,000 and \$10,000 in income, represented 32 percent of the total number and paid 34 percent of the total tax.

In 1957, this group represented only 27 percent of all taxpayers, and paid 27 percent of the total tax on the basis of reporting 40.5 percent of the total adjusted gross income.

Note that this group's share of the total tax increased in almost direct ratio to the increase in the number of taxpayers.

It is also worth noting, I believe, that the share of the total tax bill for 61% of our taxpayers—those with incomes less than \$5,000—rose only from 16 percent to 18 percent. This is comparable to the share of Federal income taxes paid by this group. Federal taxpayers in the under-\$5,000 category represented 60 percent of the total returns filed and paid 17 percent of the total Federal tax collected in Colorado in 1959.

How does Colorado's income tax compare to other states now?

Because of the lack of uniformity in rates, deductions and exemptions, a valid method of comparing income taxes state-by-state is to compute the tax bill for an average family at different net income levels in the various states. On this basis, Colorado is slightly above the "national" average for the 32 income tax states, generally ranking about 13th at the different income levels.

Tax About Average for Income Tax States

On the other hand, the Colorado tax is considerably less than that of the highest income tax states—about one-half of the actual dollar amounts of tax paid in the highest tax states.

For example, a typical Colorado family of four (husband, wife and two dependent children) reporting a net income of \$3,000 pays no income tax in Colorado, \$24 in the highest tax state, and \$5 as a national average.



PHOTO COURTESY ROCKY MOUNTAIN NEWS

"Economic growth is unprecedented . . . We are debt free . . . A balanced budget is meeting the demands of progress."

The same-sized family with a net income of \$5,000 pays an income tax of \$47 in Colorado compared to \$100 in the highest income tax state and to \$41 based on a national average.

With a net income of \$10,000, the family pays \$222 in Colorado, \$445 in the highest income tax state, and \$203 as a national average. It is worth noting that more than 93 percent of our taxpayers reported adjusted gross income of less than \$10,000.

I believe it is safe to say that in 1959 we lived up to the challenges posed to all of us by the findings of the Tax Study of that year. I hope we can continue this excellent record of fiscal responsibility and sound management in 1962.

We set out to review our total state tax picture and to make the adjustments necessary to produce needed revenue in the fairest and most equitable manner possible.

We have done this. The time to build and to move ahead in government is when everything else is growing. If we do not do this, we fall behind and the costs of catching up—in providing good schools, superior colleges and adequate institutions—are far greater than acting wisely before the time of greatest need.

This lesson is written plainly for us to see in the history of the past half-century of our state.

State Now Has Funds for Improving Schools, Colleges, and Institutions

The changes we have made since 1959 have halted that historic decline in our state government.

Then we faced an impending deficit of more than \$10 million.

Now we enjoy the comfort of a small balance, making us the envy of states which have not yet faced their fiscal problems squarely.

Then we faced an exploding population that promised to overwhelm our ability to provide essential services the public expects and needs.

Now we have the funds to make long needed improvements in our growing institutions, colleges and schools.

There has been much discussion—some of it responsible and of it irresponsible—about a tax reduction for the coming year. Let us look at the budget before deciding this question.

GENERAL BUDGET

The total expenditure budget for the State of Colorado for the next fiscal year (ending June 30, 1963) is \$395 million. More than two-thirds of this is financed by earmarked revenues and Federal grants-in-aid.

More than 82 percent of the total budget finances four major functions: highways, 26 percent; education, 25 percent; health, welfare and rehabilitation, 23 percent; institutions, 8 percent.

The only major change in the cash fund portion of the budget is a special appropriation requested for nursing home care and drugs for Old Age Pension recipients.

For the second straight fiscal year our expenditures for health and medical care for old age pensioners amounted to \$10 million. Three-fourths of the pensioners received some medical care under the program during the year. About one-half of the \$10 million was spent for hospital care, another \$2.4 million for nursing home care, \$2.2 million for physicians' services, a little over \$300,000 for drugs, and less than \$100,000 for ambulance services.

In addition to the \$2.4 million paid by the Welfare Department from the Old Age Pension Health and Medical Care Fund directly to the nursing homes, the pensioners paid the nursing homes another \$3.4 million from their monthly payments. Thus, about \$5.8 million was paid for nursing home care.

During the past year the administration of the Medical Care Program has been strengthened and made more effective. Admission-Discharge Committees have been established in all hospitals of the State having four or more physicians. These committees have accepted the responsibility of reviewing all hospital admissions of pensioners. I commend the physicians and surgeons—and hospital administrators and staffs—for this contribution toward more effective administration of the program. The State and County Welfare Departments have worked hard to give the citizens of our State an effective and economically-administered program that meets the major medical needs of our senior citizens.

Costs for Medical Care Still Rising

In the past year the State Board of Public Welfare has made various modifications in the medical care program. These have been necessary because of increasing costs of medical care. For example, the average per diem cost of hospital care for pensioners rose 10 percent above the previous year. The number of pensioners in nursing homes increased 17 percent last year, while the payments for nursing home care increased 21 percent.

The medical care that cost \$10 million this fiscal year will cost more next year. The modifications and tightened administration this year lead me to believe that further reductions in the medical benefits available should not be made.

It is the unanimous opinion of all knowledgeable persons I have consulted that medical costs will continue to increase in

the next fiscal year and that nursing home usage will increase even more. The cost of drugs to patients in nursing homes is also rising rapidly.

The best estimate seems to be that expenditures can be expected to increase by 10 percent in the next fiscal year. With the average age of our pensions now being 75, this group is subject to the needs of medical care at any moment. Therefore, I recommend that an appropriation for this purpose be made to the State Department of Public Welfare of \$1 million in the next fiscal year, of which \$900,000 would be for nursing home care and \$100,000 for drugs.

General Fund Operating Budget

Your main attention is directed to that portion of the budget which is subject to annual appropriation control—the State General Fund. This accounts for 31 percent of the total budget.

While the budget is presented is less than that requested by state agencies and institutions, it does provide adequate financing of the governmental services required by our dynamic and growing state.

It is a balanced budget.

It can be financed from available revenues and still permit transfers to the Capital Construction Fund to continue our pay-as-you-go building program.

Current 1961-1962 Fiscal Summary

Estimated operating expenditures from the General Fund in the present 1961-1962 fiscal year total \$105 million, including requested supplemental appropriations. Estimated General Fund Revenue for the year is \$119 million. This allows a transfer of \$14 million to the Capital Construction Fund, leaving in the General Fund only the \$10 million appropriated for working capital.

General Fund Operating Budget for 1962-1963

Although requests by agencies for appropriations from the General Fund for the coming fiscal year totaled \$128 million, I am recommending a General Fund operating budget of \$119 million. This is almost \$9 million less than requested, but \$14 million more than the expected expenditures of the present year. Over 90 percent of the increase is for education and institutions.

Some of the major outlays proposed are:

School Support

Support for local school districts—including amounts for the School Foundation Act, school transportation, and junior colleges — will require \$42,472,000 compared with \$37,257,000 this year. This is an increase of \$5,215,000, or 14 percent.

The Department of Education and its related programs require \$3,609,000 compared with \$3,354,000 this year. This is an increase of \$255,000, or 7.6 percent.

Institutions of Higher Learning

For institutions of higher learning, I recommend \$29,770,000 compared with \$26,374,000 this year. This is an increase of \$3,396,000, or 12.9 percent.

This amount—together with tuition, fees, and other income—will provide our institutions of higher learning a total budget increase in excess of \$4 million for the coming year. Increases of these proportions are necessary if our colleges and universities are to cope adequately with some of the problems caused by the increased number of persons desiring a college education, and by the widening range of scientific and other special knowledge essential in the world of today. Financing education beyond the high school is one of the most pressing problems state governments face nationwide.

Other Institutions

For other state institutions, I have recommended \$29,903,000 compared with \$25,941,000 this year. This is an increase of \$3,962,000, or 15.3 percent.

Nearly \$3.1 million of this increase is for the care of the mentally ill and retarded. The remaining increase is primarily for correctional services, with a substantial sum for correction of youthful offenders.

Although the amount shown in the budget includes \$700,000 requested last fall as a supplemental appropriation for the State Hospital at Pueblo, I have received word from budget officials that a supplemental appropriation of approximately \$500,000 or less will be sufficient. Assuring the hospital staff of this financial backing now can greatly aid transition to the levels recommended for the 1962-63 fiscal year.

The treatment program at this hospital has been improved considerably since last year when the budget was under consideration. Recruiting of urgently needed personnel exceeded expectations. Now that programs are well under way—and net improvement in reducing the number of patients is at hand—it would be to our future detriment if progress is halted because of lack of funds.

We are enjoying unusual success in attracting adequate staff personnel. This success has been made possible to a large degree by the cooperation of the State Medical Society in working out adequate procedures for hiring additional medical personnel.

A recent evaluation of construction plans at the State Hospital at Pueblo, by an expert medical administrator, indicates that combining the medical-surgical hospital with the geriatrics unit can produce substantial savings—perhaps running into several millions of dollars. To do this means adapting existing plans at this time.

No one suffers greater disappointment in this temporary delay than I do. But savings of this magnitude cannot be ignored simply in the interest of expediency—and the money thus saved will be used at the Pueblo hospital for other badly needed improvements.

For all other General Fund operating purposes, I recommend \$13,621,000 compared with \$12,391,000 for the present fiscal year. This is an increase of \$1,230,000, or 10 percent.

Included in this category are: general state administration; business, commerce and regulatory functions; protection of persons and property; natural resources; agriculture; health, welfare and rehabilitation; the judicial and legislative branches of state government; and other functions.

Significant increases in this category are:

- (a) \$196,000 more for the Judicial Branch, which includes \$3,000 annual salary increases for the 7 Supreme Court and 41 District Court Judges;
(Although in an earlier message I have submitted the problem of salary increases for the General Assembly, it is my personal feeling that only judicial salaries and the salary of the Attorney General should be increased).
- (b) \$81,000 more for State Advertising and Publicity;
- (c) \$175,000 more for the Department of Agriculture;
- (d) \$241,000 more for the Department of Public Health, including an increased program for control and eradication of tuberculosis and studies to ascertain water quality in different locations in the state;
- (e) \$310,000 more for the Department of Rehabilitation, including a \$50,000 new program of rehabilitation of the non-disabled.

General Fund Revenue for 1962-1963

Estimated receipts to the General Fund for the coming fiscal year ending June 30, 1963, are \$124.2 million. These come from the following major sources:

Income tax, \$78.6 million, or 63.3 percent; sales use and liquor taxes, \$19.7 million, or 15.8 percent; inheritance tax, \$5.6 million, or 4.5 percent; insurance tax, \$5.4 million, or 4.3 percent; institutional earnings, \$4.3 million, or 3.5 percent; pari-mutuel racing tax, \$2.6 million, or 2.1 percent; and all other, \$8.1 million, or 6.5 percent.

Capital Construction Budget

Since the establishment of the Capital Construction Fund by the 1959 Session of the General Assembly, nearly \$35 million has been transferred to that fund. Appropriations by prior sessions from the Capital Construction Fund total \$31.5 million, leaving an unencumbered balance in that fund at the present time of \$3.5 million.

Addition of \$14 million at the end of the present fiscal year means that \$17.5 million is currently available for capital construction projects. I am recommending for appropriation at this session just over \$12 million in such building projects. This will leave \$5.5 million available for appropriation for capital construction by subsequent General Assemblies.

Included in the \$12 million of projects recommended for appropriation at this session is planning money for a number of projects costing \$16.2 million which will require further appropriation in subsequent years. (These are detailed in the budgets placed on your desks). Counting the \$5.5 million which is not requested for appropriation this year and \$4.9 million at the end of 1962-1963 means that \$10.4 million will be available to finance construction of the \$16.2 million of planned projects. Obviously, construction of some of the projects will be timed so as to require appropriation for only part of their cost in any one fiscal year.

Looking only at the needs of this year and next year, perhaps it is understandable that there are current suggestions for tax relief. But when long-range planning is applied to the growing problems that face our State, this perspective changes. Even with screening needs closely and fixing definite priorities each year, it will be difficult to stay within existing and future revenues from the existing tax rates. To return any sizeable sum this year would mean that subsequent General Assemblies would face very severe financial problems.

I shall cite one building project to illustrate this point:

The University of Colorado has requested an engineering and science center costing \$10 million and has presented a comprehensive study showing the need. If authorization is given right now to go ahead on this project it will be late in 1965—more than three years from now—before it is ready for use.

There are many reasons for such a center.

1. The number of young people seeking college education is expected to nearly double by 1970. Many of them want to enter the scientific and technical fields—and America needs them, too. Our state-supported universities must have adequate facilities for such training, and offer it at a price the student of talent and average means can afford.

2. Scientific and technological advances have changed engineering training concepts. More persons now seek advanced degrees and training in specialized subjects, some of which are not even being taught today.

3. The primary purpose of the center is to train individuals. However, more facilities are needed for basic and applied research on industrial problems in coordination with other colleges and universities of the state.

4. Such a facility will help attract and retain a superior engineering and scientific faculty—a necessity to train our young people for their own advancement and to aid the national interest. In this space age, an outstanding faculty and a modern facility such as this must be available before certain types of industry will locate in an area.

Starts Now Urgent on Many Buildings

Different, but just as compelling reasons, can be cited for the proposed humanities building at Colorado State University, the science building at Colorado State College, the library at Western State College, the proposed Children's Treatment Center, the classrooms at the Reformatory, and other projects.

Can we really afford not to authorize these projects so that they are available for the citizens of Colorado?

I say Colorado and its people have a commitment to maintain our outstanding record of progress and growth. I say that tampering with a successful, fair and equitable tax structure for political purposes at this time in our history is pennywise and pound foolish.

As you know, I have called your attention to 45 items prior to today's session. These are all important, but some are more important than others. I urge you to give thoughtful consideration to each of these proposals.

I particularly want to call your attention to the items connected with the recent exposes of corruption in the local law enforcement agencies.

Last September it was my sad duty to report to the people of Colorado the shameful story of gross moral decay within the Denver Police Department. At the request of the Asso-

ciation of Chiefs of Police, the investigation by my office of this sordid situation will continue until the Internal Affairs Bureau of the Denver Police Department is reorganized and functioning adequately.

Action Needed on Law Enforcement

This betrayal of the public confidence has focused the eyes of all of our citizens on what this General Assembly will do to assure that never again will any public servant betray his trust for monetary gain. The fruits of criminal activity must be made so distasteful as to avoid even the slightest temptation to sample them.

It is of great concern to me that there are now those on the Denver Police force who have committed crimes while members of the department and who cannot be prosecuted because of a three year statutory limitation. I urge that you remove this barrier to justice, and allow the prosecution of any law enforcement officer who commits a crime regardless of the customary three year statute of limitations.

A policeman's badge should be symbolic of honor. I urge that you provide legislation which makes automatic the immediate suspension of any law enforcement officer indicted under the criminal code.

Also urgently in need of your consideration and appropriate action is legislation to provide for the immediate suspension of elected officials indicted for criminal activities and to clarify the succession of authority in the event of such suspension or removal from office.

Your committee has made a preliminary study of a state operated law enforcement training facility, commonly referred to as a "police academy." It is a matter of considerable urgency that you provide necessary funds for further planning and study of this badly needed facility, as well as a State crime laboratory and a central police records bureau.

In view of recent events in the Denver area and in the interest of effective law enforcement in our most heavily populated area, I strongly recommend that you appropriate funds for a detailed study of a combined police force for the metropolitan four-county Denver area.

As you know, I have already placed before you the recommendations of your Legislative Council study which proposes that 12 state agencies be either abolished or their functions transferred.

Another outstanding item, I believe, is a resolution passed at the National Governors' Conference last June calling for the support of our fifty states of an expanded teacher exchange program with our Latin American neighbors.

America Faces Many Urgent Problems

I urge your serious consideration to this matter which will permit Colorado's participation in this excellent program for the exchange of knowledge and goodwill among friends.

In considering the many important items placed before you, let us not forget that our nation at this moment is attempting to take giant steps in fields we have already made much local progress in—our schools, colleges and institutions.

The world is now testing democracy and totalitarianism.

To paraphrase Robert Frost:

“The woods are lovely, dark and deep.
But we have promises to keep,
And miles to go before we sleep
And miles to go before we sleep.”

Thank you for your attention. If I, the members of my staff, or the heads of the various State departments may be of help to you, please let me know.

May God bless you and guide you in your responsible deliberations.

TABLE I—BUDGET SUMMARY—GENERAL FUND

Expenditures By Major Purpose	1961-1962 Estimated Expenditures	Requests 1962-1963	Recommendations 1962-1963	Percent of Budget	Increase Recommendation Over Expenditures	Increase Percent
EDUCATION						
Public School Fund.....	\$ 34,807,000	\$ 41,098,022	\$ 39,757,000		\$ 4,950,000	
Transportation.....	2,450,000	2,745,582	2,715,000		265,000	
Other Educational Functions	3,353,672	4,668,266	3,609,235		255,563	
Sub Total—Education.....	\$ 40,610,672	\$ 48,511,870	\$ 46,081,235	38.6	\$ 5,470,563	13.5
HIGHER EDUCATION.....	\$ 26,373,633	\$ 32,149,113	\$ 29,769,952	24.9	\$ 3,396,319	12.9
INSTITUTIONS.....	\$ 25,940,632	\$ 31,995,996	\$ 29,902,980	25.1	\$ 3,962,348	15.3
ALL OTHER						
Legislative Branch.....	\$ 508,870	\$ 89,000	\$ 89,000			
Judicial Branch.....	966,727	1,173,322	1,162,854			
General Administration.....	4,076,595	4,548,615	4,337,079			
Business—Commerce—Regulatory.....	1,945,692	2,417,416	2,163,769			
Protection of Persons and Property.....	315,770	359,918	342,914			
Natural Resources.....	1,821,999	2,005,420	1,894,007			
Agriculture.....	625,305	1,475,019	801,513			
Health, Welfare & Rehabilitation.....	2,125,097	3,243,692	2,714,548			
All Other Purposes.....	5,000	115,612	115,612			
Sub Total—Others.....	\$ 12,391,055	\$ 15,428,014	\$ 13,621,296	11.4	\$ 1,230,241	9.9
GRAND TOTAL Operating Expenditures....	\$105,315,992*	\$128,084,993	\$119,375,463	100.0	\$ 14,059,471	13.3

* Includes Supplemental Appropriation Requests of \$722,161 from the General Fund.

TABLE II—BUDGET SUMMARY—EDUCATION

	PRESENT BUDGET			Requested Budget 1962-1963 Cash & Gen.	EXECUTIVE RECOMMENDATION			Increase Total	Increase General Fund	Percent Increase	
	General Fund 1961-1962	Cash Funds 1961-1962	Total 1961-1962		General Fund 1962-1963	Cash Funds 1962-1963	Total 1962-1963			Total	Gen. Fund
	DEPT. OF EDUCATION										
Administration	\$ 760,411	\$ 10,000	\$ 770,411	\$ 1,114,283	\$ 847,771	\$ 10,000	\$ 857,771	\$ 87,360	\$ 87,360	11.34	11.49
Graduate Fellowship Program	0	17,068	17,068	17,068	0	17,068	17,068	0	0	0	0
Library Services Act—Federal	0	85,259	85,259	85,152	0	85,152	85,152	(107)	0	(.13)	0
Education of Migrant Children	99,000	0	99,000	99,000	99,000	0	99,000	0	0	0	0
Teachers Emeritus Retirement Fund	758,000	0	758,000	775,000	775,000	0	775,000	17,000	17,000	2.24	2.24
Institutions of Higher Learning Emeritus Retirement	175,000	0	175,000	175,000	175,000	0	175,000	0	0	0	0
Veterans on Farm Training	0	9,993	9,993	0	0	0	0	(9,993)	0	(100.00)	0
Education of Physically and Educable Mentally Retarded Children	800,000	0	800,000	1,667,361	900,000	0	900,000	100,000	100,000	12.50	12.50
Small High School Projects	0	36,776	36,776	44,002	0	44,002	44,002	7,226	0	19.65	0
Public School Foundation Act	34,807,000	5,050,000	39,857,000	46,098,022	39,757,000	5,350,000	45,107,000	5,250,000	4,950,000	13.17	14.22
Public School Transportation	2,450,000	0	2,450,000	2,745,582	2,715,000	0	2,715,000	265,000	265,000	10.82	10.82
NAT. DEF. ED. ACT											
Title III—Science, Math. and Foreign Languages	194,984	531,219	726,203	731,784	195,892	535,892	731,784	5,581	908	.76	.47
Title V—Guidance & Counseling	42,367	144,367	186,734	186,734	42,367	144,367	186,734	0	0	0	0
Title X—Statistical Reporting	50,000	50,000	100,000	110,000	60,000	50,000	110,000	10,000	10,000	10.00	20.00
STATE BOARD OF VOTIONAL EDUCATION	290,147	417,471	707,618	725,910	305,609	417,471	723,080	15,462	15,462	2.19	5.33
STATE HISTORICAL SOCIETY	179,329	16,843	196,172	258,924	208,596	18,000	226,596	30,424	29,267	15.51	16.32
COMMITTEE ON VETERANS EDUCATION AND TRAINING	4,434	0	4,434	0	0	0	0	(4,434)	(4,434)	(100.00)	(100.00)
GRAND TOTAL	\$40,610,672	\$ 6,368,996	\$46,979,668	\$54,833,822	\$46,081,235	\$ 6,671,952	\$52,753,187	\$ 5,773,519	\$ 5,470,563	12.29	13.47

TABLE III—BUDGET SUMMARY—INSTITUTIONS OF HIGHER LEARNING

	PRESENT BUDGET			Requested Budget 1962-1963 Cash & Gen.	EXECUTIVE RECOMMENDATION			Increase Total	Increase General Fund	Percent Increase	
	General Fund 1961-1962	Cash Funds 1961-1962	Total 1961-1962		General Fund 1962-1963	Cash Funds 1962-1963	Total 1962-1963			Total	Gen. Fund
A. Adams State College.....	\$ 959,768	\$ 257,232	\$ 1,217,000	\$ 1,645,160	\$ 1,107,104	\$ 247,791	\$ 1,381,895	\$ 164,895	\$ 147,336	13.55	15.35
B. Colorado State University											
Academic Instruction.....	\$ 4,068,197	\$ 1,658,626	\$ 5,726,823	\$ 6,649,488	\$ 4,431,535	\$ 1,818,740	\$ 6,250,275	\$ 523,452	\$ 363,338	9.14	8.93
Agricultural Experiment Sta.....	914,994	945,920	1,860,914	2,608,136	1,316,143	945,920	2,262,063	^a 401,149	401,149	^a 21.56	^a 43.84
Agricultural Ext. Service.....	685,214	1,300,833	1,986,047	2,487,432	953,637	1,369,256	2,322,893	^b 336,846	268,423	^b 16.96	^b 39.17
Sub Total.....	\$ 5,668,405	\$ 3,905,379	\$ 9,573,784	\$11,745,056	\$ 6,701,315	\$ 4,133,916	\$10,835,231	\$ 1,261,447	\$ 1,032,910	13.18	18.22
C. Colorado State College.....	\$ 2,325,956	\$ 1,197,688	\$ 3,523,644	\$ 4,131,137	\$ 2,691,583	\$ 1,232,611	\$ 3,924,194	\$ 400,550	\$ 365,627	11.37	15.72
D. Fort Lewis A & M College.....	\$ 341,433	\$ 181,574	\$ 523,007	\$ 599,704	\$ 437,705	\$ 151,670	\$ 589,375	\$ 66,368	\$ 96,272	12.69	28.20
E. Colorado School of Mines.....	\$ 1,743,677	\$ 661,534	\$ 2,405,211	\$ 2,670,608	\$ 1,923,274	\$ 685,830	\$ 2,609,104	\$ 203,893	\$ 179,597	8.48	10.30
F. University of Colorado											
Boulder Campus & Extension.....	\$ 7,978,278	\$ 5,715,834	\$13,694,112	\$16,287,804	\$ 9,331,700	\$ 6,039,660	\$15,371,360	\$ 1,677,248	\$ 1,353,422	12.25	16.96
School of Medicine.....	1,663,024	916,315	2,579,339	2,679,811	1,687,596	992,215	2,679,811	100,472	24,572	3.90	1.48
Nurses Training.....	393,750	155,455	549,205	596,277	409,723	170,460	580,183	30,978	15,973	5.64	4.06
Dentistry—W.I.C.H.E.....	89,946	0	89,946	100,000	100,000	0	100,000	10,054	10,054	11.18	11.18
Colorado General Hospital.....	2,895,555	1,942,907	4,838,462	5,041,828	2,667,619	2,374,209	5,041,828	203,366	(227,936)	4.20	(7.87)
Colo. Psycho. Hospital.....	1,087,353	596,202	1,683,555	1,893,874	1,359,297	534,577	1,893,874	210,319	271,944	12.49	25.00
Children's Diag. Center.....	69,833	5,232	75,065	75,065	70,515	4,550	75,065	0	682	0	0.98
Sub Total.....	\$14,177,739	\$ 9,331,945	\$23,509,684	\$26,674,659	\$15,626,450	\$10,115,671	\$25,742,121	\$ 2,232,437	\$ 1,448,711	9.50	10.22
G. Western State College.....	\$ 1,106,655	\$ 309,667	\$ 1,416,322	\$ 1,562,418	\$ 1,232,521	\$ 295,355	\$ 1,527,876	\$ 111,554	\$ 125,866	7.88	11.37
H. Trustees of State Colleges											
Southern Colo. State Col.....	\$ 50,000	\$ 0	\$ 50,000	\$ 100,000	\$ 50,000	\$ 0	\$ 50,000	\$ 0	0	0	0
GRAND TOTAL.....	\$26,373,633	\$15,845,019	\$42,218,652	\$49,128,742	\$29,769,952	\$16,889,844	\$46,659,796	\$ 4,441,144	\$ 3,396,319	10.52	12.88

^a Reallocation of Central Service Costs which in prior years have been included in Academic Administration Total \$250,000.00. Of this amount the share for General Administration is \$80,650.00, Library \$47,030.00, —Plant Maintenance and Operation \$123,000.00.

^b Reallocation of Central Service Costs which in prior years have been included in Academic Administration Total \$167,120.00. Of this amount the share for General Administration is \$53,750.00, Library \$31,370.00, —Plant Maintenance and Operation \$82,000.00.

TABLE IV—BUDGET SUMMARY—INSTITUTIONS

	PRESENT BUDGET			Requested Budget 1962-1963 Cash & Gen.	EXECUTIVE RECOMMENDATION			Increase Total	Increase General Fund	Percent Increase	
	General Fund 1961-1962	Cash Funds 1961-1962	Total 1961-1962		General Fund 1962-1963	Cash Funds 1962-1963	Total 1962-1963			Total	Gen. Fund
	A. Department of Institutions.....	\$ 153,013	\$ 0		\$ 153,013	\$ 201,567	\$ 196,576			\$ 0	\$ 196,576
DIV. OF YOUTH SERVICES											
B. Juvenile Parole Division.....	\$ 107,936 ^a	\$ 0	\$ 107,936	\$ 253,508	\$ 188,957	\$ 0	\$ 188,957	\$ 81,021	\$ 81,021	75.06	75.06
C. Juvenile Probation Officers.....	121,800	0	121,800	130,000	130,000	0	130,000	8,200	8,200	6.73	6.73
D. Lookout Mountain Sch. for Boys	809,516 ^a	0 ^a	809,516	951,689	922,502	0	922,502	112,986	112,986	13.96	13.96
E. Mount View School for Girls.....	450,957 ^a	0 ^a	450,957	590,809	524,260	0	524,260	73,303	73,303	16.26	16.26
F. Children's Home.....	546,596	0	546,596	578,269	558,043	0	558,043	11,447	11,447	2.09	2.09
Sub Total.....	\$ 2,036,805	\$ 0	\$ 2,036,805	\$ 2,504,275	\$ 2,323,762	\$ 0	\$ 2,323,762	\$ 286,957	\$ 286,957	14.09	14.09
DIV. OF CORRECTIONAL SERVICES											
G. State Penitentiary.....	\$ 2,995,785	\$ 0 ^a	\$ 2,995,785	\$ 3,203,782	\$ 3,160,976	\$ 0	\$ 3,160,976	\$ 165,191	\$ 165,191	5.51	5.51
Penit. Canteen & Library Fund	0	165,000	165,000	175,000	0	175,000	175,000	10,000	0	6.06	0
H. Colorado State Reformatory.....	1,059,684	0	1,059,684	1,308,350	1,256,869	0	1,256,869	197,185	197,185	18.61	18.61
Reformatory Water Rights.....	2,942	0	2,942	0	0	0	0	(2,942)	(2,942)	(100.00)	(100.00)
I. Adult Parole and Pre-Parole.....	441,365	0	441,365	489,606	476,867	0	476,867	35,502	35,502	8.04	8.04
J. Women's Reformatory.....	3,445	0	3,445	3,600	3,600	0	3,600	155	155	4.49	4.49
Sub Total.....	\$ 4,503,221	\$ 165,000	\$ 4,668,221	\$ 5,180,338	\$ 4,898,312	\$ 175,000	\$ 5,073,312	\$ 405,091	\$ 395,091	8.68	8.77
DIV. OF PSYCH. SERVICES											
K. Colorado State Hospital.....	\$13,620,770 ^a	\$ 0	\$13,620,770	\$16,805,239	\$15,714,319	\$ 0	\$15,714,319	\$ 2,093,549	\$ 2,093,549	15.37	15.37
L. Fort Logan Mental Health Cent.	1,233,810	31,526	1,265,336	1,943,610	1,761,010	69,000	1,830,010	564,674	527,200	44.63	42.73
Sub Total.....	\$14,854,580	\$ 31,526	\$14,886,106	\$18,748,849	\$17,475,329	\$ 69,000	\$17,544,329	\$ 2,658,223	\$ 2,620,749	17.86	17.64

^a The 1961-1962 Expenditures for Institutions include supplemental appropriations totaling \$727,305 from the General Fund, Juvenile Parole Division \$11,818.00, Lookout Mountain School for Boys \$5,500.00, Mount View School for Girls \$9,987.00. Colorado State Hospital \$700,000.00.

TABLE IV—BUDGET SUMMARY—INSTITUTIONS (Continued)

	PRESENT BUDGET			Requested Budget 1962-1963 Cash & Gen.	EXECUTIVE RECOMMENDATION			Increase Total	Increase General Fund	Percent Increase	
	General Fund 1961-1962	Cash Funds 1961-1962	Total 1961-1962		General Fund 1962-1963	Cash Funds 1962-1963	Total 1962-1963			Total	Gen. Fund
	DIV. OF MENTAL RETARDATION										
M. Home & Trg. Sch.—Grand Jct.....	\$ 1,756,556	\$ 0	\$ 1,756,556	\$ 2,055,055	\$ 1,913,045	\$ 0	\$ 1,913,045	\$ 156,489	\$ 156,489	8.91	8.91
N. Home & Trg. Sch.—Wheatridge.....	1,859,960	0	1,859,960	2,561,455	2,213,797	0	2,213,797	353,837	353,837	19.02	19.02
Sub Total.....	\$ 3,616,516	\$ 0	\$ 3,616,516	\$ 4,616,510	\$ 4,126,842	\$ 0	\$ 4,126,842	\$ 510,326	\$ 510,326	14.11	14.11
O. Board of Control—State Homes for the Aged.....	\$ 3,700	\$ 0	\$ 3,700	\$ 4,200	\$ 3,900	\$ 0	\$ 3,900	\$ 200	\$ 200	5.41	5.41
P. Monte Vista Golden Age Cent.....	85,444	138,554	223,998	264,328	143,562	107,879	251,441	27,443	58,118	12.25	68.01
Q. State Home for Aged—Trinidad.....	41,722	313,725	355,447	381,827	22,016	356,836	378,852	23,405	(19,706)	6.58	(47.23)
Sub Total.....	\$ 130,866	\$ 452,279	\$ 583,145	\$ 650,355	\$ 169,478	\$ 464,715	\$ 634,193	\$ 51,048	\$ 38,612	8.75	29.51
R. School for the Deaf & Blind.....	\$ 645,631	\$ 0	\$ 645,631	\$ 800,817	\$ 712,681	\$ 0	\$ 712,681	\$ 67,050	\$ 67,050	10.39	10.39
Library.....	0	3,500	3,500	4,500	0	4,500	4,500	1,000	0	28.57	0
Sub Total.....	\$ 645,631	\$ 3,500	\$ 649,131	\$ 805,317	\$ 712,681	\$ 4,500	\$ 717,181	\$ 68,050	\$ 67,050	10.48	10.39
GRAND TOTAL.....	\$25,940,632	\$ 652,305	\$26,592,937	\$32,707,211	\$29,902,980	\$ 713,215	\$30,616,195	\$ 4,023,258	\$ 3,962,348	15.13	15.27

Note:—Executive recommendation indicates a \$700,000 supplemental appropriation for Colorado State Hospital; our recent analysis indicates that approximately \$500,000 may be adequate due to anticipated savings from positions filled at a slower rate than originally planned.

STATEMENT III—GENERAL REVENUE FUND

Statement showing actual receipts to the General Revenue Fund for the Fiscal Year ending June 30, 1961; also estimated receipts for the Fiscal Years ending June 30, 1962 and June 30, 1963.

SOURCE	Actual Receipts July 1, 1960 to June 30, 1961	Estimated Receipts July 1, 1961 to June 30, 1962	Estimated Receipts July 1, 1962 to June 30, 1963
Income Tax, Personal and Corporate.....	\$67,877,960.68	\$75,000,000	\$78,600,000
Inheritance Tax.....	5,322,320.02	5,600,000	5,600,000
Insurance Tax and Fees.....	4,941,877.02	5,100,000	5,350,000
Sales, Use & Liquor Tax.....	16,120,203.29	19,000,000	19,700,000
Pari Mutuel Racing Tax.....	2,452,091.55	2,500,000	2,600,000
Foreign and Domestic Corporation Tax.....	750,000.44	800,000	800,000
Gift Tax.....	340,844.00	400,000	400,000
Interest on Deposits and Investments.....	1,800,005.75	1,900,000	2,000,000
Store Licenses.....	210,081.21	210,000	210,000
Secretary of State Fees.....	340,641.99	420,000	530,000
Bank Commissioner Fees.....	205,704.10	216,000	232,000
Capitol Building Rentals.....	361,216.99	200,000	200,000
Agriculture, State Department of.....	36,640.93	45,000	47,000
Savings and Loan Department.....	66,429.92	72,000	79,000
Public Health, Department of.....	117,403.77	192,000	192,000
Securities Commissioner.....	71,694.51	76,000	79,000
Public Utilities Commission.....	43,222.18	60,000	60,000
Revenue Department Surplus.....	184,602.17	185,000	185,000
Business & Professional Boards.....	87,550.37	88,000	91,000
All Others.....	296,291.37	517,000	534,000
Institutional Earnings & Transfers.....	4,191,362.50*	4,367,000*	4,295,000*
TOTAL REVENUES—JULY 1 to JUNE 30.....	\$105,818,144.76*	\$116,948,000*	\$121,784,000*
Add:			
Revenues accrued at end of Fiscal Year:			
Revenue Department—Surplus.....	2,111,536.40	\$ 2,300,000	\$ 2,400,000
Business & Professional Boards—Surplus.....	23,594.63	25,000	25,000
Others.....	31,804.61	35,000	35,000
TOTAL FISCAL YEAR REVENUES.....	\$107,985,080.40*	\$119,308,000*	\$124,244,000*

* Does not include \$684,957.54 in 1960-1961; \$709,500 in 1961-1962; and \$760,605 in 1962-1963 earned by state institutions and the Department of Agriculture which are used to supplement General Fund appropriations.

STATEMENT IV

Summary of General Fund Revenue, Expenditures and Unappropriated Surplus for the Fiscal Years ending June 30, 1961, 1962, and 1963.

	1960-1961
July 1, 1960 Balances:	
General Revenue Fund.....	\$13,414,024.85
General Revenue—Cash Revolving Fund.....	10,000,000.00
Total Unexpended Balance July 1, 1960.....	\$23,414,024.85
Revenue:	
General Revenue—1960-1961 (See Statement III).....	\$101,626,782.26
Financing Transfers from Institutions—1960-1961.....	4,876,320.04 ^a
General Revenue—Prior Years.....	1,439,093.09
Total Revenue—July 1, 1960 to June 30, 1961.....	\$107,942,195.39
TOTAL REVENUES—July 1, 1960 to June 30, 1961.....	\$131,356,220.24
Expenditures:	
Warrants Issued—General Revenue—1960-1961.....	\$88,770,258.54
Warrants Issued—General Revenue—Prior Years.....	3,106,885.23
Transfers to Capital Construction Fund (June 30, 1960).....	11,045,297.59
TOTAL EXPENDITURES AND TRANSFERS—	
July 1, 1960 to June 30, 1961.....	\$102,922,441.36
UNEXPENDED BALANCE—June 30, 1961.....	\$28,433,778.88
Add:	
Revenues for 1960-1961 received after June 30, 1961 (See Statement III).....	\$2,166,935.64
	\$30,600,714.52
Less:	
Estimated Expenditures 1960-1961 and Prior Years	
Appropriations.....	\$4,572,303.63
Appropriations carried forward to 1961-1962.....	302,941.98
Transfer to Capital Construction Fund (June 30, 1961).....	15,725,468.91
	20,600,714.52
June 30, 1961—General Revenue—Cash Revolving Fund.....	\$10,000,000.00

^a Includes \$634,957.54 of financing transfers to the General Fund for the Department of Agriculture and the Monte Vista Golden Age Center from non-general fund revenue sources.

STATEMENT IV (Continued)

July 1, 1961 General Revenue—Cash Revolving Fund (Carried Forward).....	\$ 10,000,000.00
1961-1962	
Add:	
Estimated Revenue:	
General Revenue 1961-1962 (See Statement III)....	119,308,000.00
Sub-Total.....	<u>\$129,308,000.00</u>
Less:	
Estimated Expenditures (See Table I):	
General Revenue 1961-1962 Appropriations.....	\$104,331,317.00
Less: Unused 1961-1962 Appropriations per Budgets	361,986.00
Sub-Total.....	<u>\$103,969,331.00</u>
Add:	
Supplemental Appropriations Requested.....	\$ 922,161.00
Legislative Appropriation—Second Regular Session.....	<u>424,500.00</u>
TOTAL ESTIMATED EXPENDITURES—	
1961-1962 APPROPRIATIONS.....	105,315,992.00
ESTIMATED UNAPPROPRIATED SURPLUS—	
June 30, 1962.....	23,992,008.00
Less: Transfer to Capital Construction Fund (Estimated)....	<u>13,992,008.00</u>
June 30, 1962—	
GENERAL REVENUE CASH REVOLVING FUND	<u>\$ 10,000,000.00</u>
1962-1963	
July 1, 1962 General Revenue—Cash Revolving Fund (Carried Forward).....	\$ 10,000,000.00
Add:	
Estimated Revenue:	
General Revenue 1962-1963 (See Statement III)....	124,244,000.00
Sub-Total.....	<u>\$134,244,000.00</u>
Less:	
Appropriations Recommended 1962-1963 (See Table I) (Appropriations Requested \$128,084,993.00)	<u>119,375,463.00</u>
ESTIMATED UNAPPROPRIATED SURPLUS—	
June 30, 1963.....	14,868,537.00
Less: Transfer to Capital Construction Fund (Estimates)....	<u>4,868,537.00</u>
June 30, 1963—GENERAL REVENUE—	
CASH REVOLVING FUND.....	<u>\$ 10,000,000.00</u>

STATEMENT V—SUMMARY OF CAPITAL CONSTRUCTION FUND

1960-1961	
July 1, 1960 Balance.....	\$ 7,106,765.77
Receipts:	
General Revenue Surplus—	
Fiscal Year ending June 30, 1960.....	\$11,045,297.59
Financing Transfers from Other Funds.....	192,438.77
Total Receipts—1960-1961.....	11,237,736.36
Expenditures.....	18,344,502.13
1960-1961 Appropriation Expenditures.....	3,047,374.73
Balance—June 30, 1961 (Cash Basis).....	\$15,297,127.40

1961-1962	
Estimated Receipts:	
General Revenue Surplus—	
Fiscal Year ending June 30, 1961.....	\$15,725,468.91
Miscellaneous Receipts.....	1,338.72
Due from Other Funds for jointly financed approp.....	903,967.00
Total Estimated Receipts.....	16,630,774.63
	\$31,927,902.03
1961 and prior years appropriations:	
Estimated Expenditures.....	28,395,959.08
Unencumbered Balance—July 1, 1961.....	\$ 3,531,942.95

ESTIMATES FOR 1961-1962 and 1962-1963

Unencumbered Balance July 1, 1961.....	\$ 3,531,942.95
Add: Estimated Transfers at end of Fiscal Year 1961-1962..	13,992,008.00
Sub-Total.....	\$17,523,950.95
Less: Appropriations Recommended at 1962 Session.....	12,044,167.00 ^a
Unencumbered Balance—June 30, 1962.....	\$ 5,479,783.95
Add: Estimated Transfers at end of Fiscal Year 1962-1963..	4,868,537.00
Total available for future Capital Construction funding.....	\$10,348,320.95 ^a

^a Capital Construction projects recommended at the 1962 Session are in many cases only for the initial phases of such projects and a potential of \$16,253,692 is left for future appropriation in the next two years. (See Capital Construction Financing Schedules in Section XII of Budget.) This is in addition to any other projects that might be considered in future years.

TABLE V—CAPITAL CONSTRUCTION RECOMMENDATIONS

Agency or Institution	Capital Const. Fund	Cash Fund	Fed. or Other Funds	Total Cost	*Funding Deferred Until F.Y. 1963-1964
Division of Accounts & Control.....	\$ 825,000	\$ 0	\$ 0	\$ 825,000	\$ 0
Capitol Building Section.....	697,055	0	0	697,055	300,000
Department of Revenue.....	0	431,180	0	431,180	0
Colorado National Guard.....	154,311	16,370	258,935	429,616	0
State Park and Recreation.....	194,050	83,200	0	277,250	0
State Game and Fish Department.....	0	1,602,200	0	1,602,200	0
Colorado State Fair.....	237,750	0	0	237,750	0
Department of Rehabilitation.....	287,567	0	0	287,567	0
Lookout Mountain School for Boys.....	317,850	0	0	317,850	0
Mount View School for Girls.....	26,655	0	0	26,655	190,000
Colorado State Penitentiary.....	239,450	0	0	239,450	0
Colorado State Reformatory.....	1,121,295	0	0	1,121,295	863,650
Ft. Logan Mental Health Center.....	1,890,000	0	0	1,890,000	525,000
State Home & Training School—Grand Junction.....	498,180	0	0	498,180	42,200
State Home & Training School—Wheatridge.....	240,319	0	0	240,319	1,189,990
Monte Vista Golden Age Center.....	46,400	0	0	46,400	0
State Historical Society.....	25,000	0	0	25,000	0
Adams State College.....	950,000	0	0	950,000	75,000
Colorado State University.....	1,737,600	0	267,000	2,004,600	2,423,352
Colorado State College.....	140,000	0	0	140,000	2,300,000
Ft. Lewis A & M College.....	436,000	0	0	436,000	0
Colorado School of Mines.....	121,000	145,000	0	266,000	0
University of Colorado.....	783,685	0	1,702,426	2,486,111	6,844,500
Western State College.....	1,025,000	0	0	1,025,000	0
Southern Colorado State College.....	50,000	0	0	50,000	1,500,000
GRAND TOTAL.....	\$12,044,167	\$ 2,277,950	\$ 2,228,361	\$16,550,478	\$16,253,692

* For action by succeeding General Assemblies.

TABLE CC-1

**CAPITAL CONSTRUCTION PROJECTS RECOMMENDED FOR APPROPRIATION AND FUNDING
AT 1962 SESSION OF GENERAL ASSEMBLY**

Description of Projects By Agency or Institution	Capital Construction Schedule-No.	Pre- Preliminary Project-No.	Total Estimated Cost	Recommended to 1962 Session			Funding Deferred until F. Y. 1963-64
				Capital Construction	Cash Funds	Federal or Other	
DIVISION OF ACCOUNTS & CONTROL							
Controlled Maintenance Fund.....	1-1		\$ 750,000	\$ 750,000	\$ 0	\$ 0	\$ 0
Planning—Pre-Preliminary.....	1-2		75,000	75,000	0	0	0
Sub Totals.....			\$ 825,000	\$ 825,000	\$ 0	\$ 0	\$ 0
CAPITOL BUILDING SECTION							
Rehabilitation of Elec. Systems.....	2-1	19-61	25,000	25,000	0	0	0
Conversion of Existing Boilers.....	2-2	20-61	45,000	45,000	0	0	0
Museum and other Depts. Bldg.—Planning.....	2-3	21-61	75,000	75,000	0	0	0
Land Acquisition Grant St.....	2-4	22-61	200,000	100,000	0	0	100,000
Land Acq. Lots 13 & 14, Block 28, at Colfax and Lincoln.....	2-5		76,000	76,000	0	0	0
Capitol & State Office Bldg. Ventltg. & Cooling.....	2-6	25-61	300,000	100,000	0	0	200,000
Capitol Building Exterior Lighting.....	2-7	26-61	30,855	30,855	0	0	0
Rehab. of Supreme Court Chambers & Offices.....	2-8	159-61	79,200	79,200	0	0	0
Additional Funds for Central Cooling Plant.....	2-9	160-61	50,000	50,000	0	0	0
Additional Remod. Funds—Data Proc. System.....	2-10	161-61	116,000	116,000	0	0	0
Sub Totals.....			\$ 997,055	\$ 697,055	\$ 0	\$ 0	\$ 300,000

TABLE CC-1—Continued

CAPITAL CONSTRUCTION PROJECTS RECOMMENDED FOR APPROPRIATION AND FUNDING
AT 1962 SESSION OF GENERAL ASSEMBLY

Description of Projects By Agency or Institution	Capital Construction Schedule-No.	Pre- Preliminary Project-No.	Total Estimated Cost	Recommended to 1962 Session			Funding Deferred until F. Y. 1963-64
				Capital Construction	Cash Funds	Federal or Other	
DEPARTMENT OF REVENUE							
Rehabilitation of W. 6th Ave. Buildings.....	3-1		\$ 114,500	\$ 0	\$ 114,500	\$ 0	\$ 0
Land Acquisition—W. 6th Ave.....	3-2		75,000	0	75,000	0	0
P. O. E. Stations—Construction & Equipment.....	3-3		241,680	0	241,680 ^a	0	0
Sub Totals.....			\$ 431,180	\$ 0	\$ 431,180	\$ 0	\$ 0
COLORADO NATIONAL GUARD							
Two-Unit Armory—Alamosa, Monte Vista.....	4-1	29-61	194,880	71,880	0	123,000 ^b	0
One-Unit Armory—Lamar.....	4-2	94-61	162,921	51,921	0	111,000 ^b	0
National Guard Headquarters Bldg.—Plan. Funds.....	4-3	148-61	20,000	20,000 ^c	0	0	0
Additional Funds—Pueblo Armory.....	4-4	170-61	51,815	10,510	16,370 ^d	24,935 ^e	0
Sub Totals.....			\$ 429,616	\$ 154,311	\$ 16,370	\$ 258,935	\$ 0
STATE PARK AND RECREATION							
Land Acquisition & Replacement of Water.....	5-1	90-61	110,000	110,000	0	0	0
Cherry Creek State Recreation Area—Denver.....	5-2	131-61	60,000	0	60,000	0	0
Huajatolla State Recreation Area—Walsenburg.....	5-3	130-61	38,500	15,300	23,200	0	0
Switzer Lake Recreation Area—Delta.....	5-4	88-61	10,250	10,250	0	0	0
Vega Reservoir Recreation Area—Grand Mesa.....	5-5	86-61	11,200	11,200	0	0	0
State Waysides.....	5-6	91-61	18,300	18,300	0	0	0
Golden Gate State Park—Golden.....	5-7	89-61	7,000	7,000	0	0	0
Eleven-Mile Reservoir—South Park.....	5-8	132-61	5,000	5,000	0	0	0
Antero Reservoir Recreation Area—Park County.....	5-9	92-61	5,000	5,000	0	0	0
Bonny Reservoir Recreation Area—Burlington.....	5-10	87-61	12,000	12,000	0	0	0
Sub Totals.....			\$ 277,250	\$ 194,050	\$ 83,200 ^f	\$ 0	\$ 0

TABLE CC-1—Continued
CAPITAL CONSTRUCTION PROJECTS RECOMMENDED FOR APPROPRIATION AND FUNDING
AT 1962 SESSION OF GENERAL ASSEMBLY

Description of Projects By Agency or Institution	Capital Construction Schedule-No.	Pre- Preliminary Project-No.	Total Estimated Cost	Recommended to 1962 Session			Funding Deferred until F. Y. 1963-64
				Capital Construction	Cash Funds	Federal or Other	
STATE GAME AND FISH DEPARTMENT							
Rearing and Lake Construction Projects.....	6-1	95 thru 117-61 & 109 thru					
Montrose Regional Office Bldg.....	6-2	117-61 108-61	\$ 1,572,200 30,000	\$ 0 0	\$ 1,572,200 30,000	\$ 0 0	\$ 0 0
Sub Totals.....			\$ 1,602,200	\$ 0	\$ 1,602,200	\$ 0	\$ 0
COLORADO STATE FAIR							
Reroofing existing Buildings—Repaving Streets.....	7-1	85-61	39,950	39,950	0	0	0
New Cattle Barn, Remodel Old Barn & Paving.....	7-2	106-61	197,800 ^g	197,800	0	0	0
Sub Totals.....			\$ 237,750	\$ 237,750	\$ 0	\$ 0	\$ 0
DEPARTMENT OF REHABILITATION							
Addition to Center for the Blind—Denver.....	8-1	93-61	287,567	287,567 ^h	0	0	0
LOOKOUT MOUNTAIN SCHOOL FOR BOYS							
Suppl. Funds—Proj. 736 for Laundry Equipment.....	9-1	167-61	8,850	8,850	0	0	0
Warehouse Remodeling.....	9-2	7-61	12,000	12,000	0	0	0
3 Classroom Addition to School.....	9-3	8-61	77,000	77,000	0	0	0
Medical & Social Service Clinic.....	9-4	10-61	220,000	220,000	0	0	0
Sub Totals.....			\$ 317,850	\$ 317,850	\$ 0	\$ 0	\$ 0
MOUNT VIEW SCHOOL FOR GIRLS							
Gymnasium.....	10-1	80-61	\$ 200,000	\$ 10,000	\$ 0	\$ 0	\$ 190,000
Deficit to Contractor—Hutton Cottage.....	10-2	155-61	1,655	1,655	0	0	0
Remodeling Alcott Cottage.....	10-3	81-61	15,000	15,000	0	0	0
Sub Totals.....			\$ 216,655	\$ 26,655	\$ 0	\$ 0	\$ 190,000

TABLE CC-1—Continued

CAPITAL CONSTRUCTION PROJECTS RECOMMENDED FOR APPROPRIATION AND FUNDING
AT 1962 SESSION OF GENERAL ASSEMBLY

Description of Projects By Agency or Institution	Capital Construction Schedule-No.	Pre- Preliminary Project-No.	Total Estimated Cost	Recommended to 1962 Session			Funding Deferred until F. Y. 1963-64
				Capital Construction	Cash Funds	Federal or Other	
COLORADO STATE PENITENTIARY							
Remodel West Gate.....	11-1	41-61	\$ 174,600	\$ 174,000	\$ 0	\$ 0	\$ 0
New Tables—Dining Room.....	11-2	42-61	12,000	12,000	0	0	0
Curio Shop & Visitors' Center.....	11-3	43-61	37,850	37,850	0	0	0
Receiving Center—Plans.....	11-4	44-61	15,000	15,000	0	0	0
Sub Totals.....			\$ 239,450	\$ 239,450	\$ 0	\$ 0	\$ 0
COLORADO STATE REFORMATORY							
Remodel Service Building.....	12-1	18-61	130,000	130,000	0	0	0
Single Room Dormitory.....	12-2	12-61	750,295	750,295	0	0	0
Misc. Capital Improvements.....	12-3	14-61	161,050	127,000	0	0	34,050
Chapel.....	12-4	16-61	83,000	83,000	0	0	0
Gym-Fieldhouse—Plans.....	12-5	17-61	415,400	15,000	0	0	400,400
Classrooms and Auditorium.....	12-6	15-61	445,200	16,000	0	0	429,200
Sub Totals.....			\$ 1,984,945	\$ 1,121,295	\$ 0	\$ 0	\$ 863,650
FT. LOGAN MENTAL HEALTH CENTER							
Repairs to Existing Buildings.....	14-1	2-61	100,000	100,000	0	0	0
Equipment for	14-2	5-61					
a. Intensive Center.....			325,000	325,000	0	0	0
b. Med. Diag. & Treatment Center.....			375,000	375,000	0	0	0
Remodel & Furnish Existing Chapel.....	14-3	6-61	15,000	15,000	0	0	0
Children's Psychiatric Clinic.....	14-4	83-61	1,600,000	1,075,000	0	0	525,000
Sub Totals.....			\$ 2,415,000	\$ 1,890,000	\$ 0	\$ 0	\$ 525,000

TABLE CC-1—Continued

CAPITAL CONSTRUCTION PROJECTS RECOMMENDED FOR APPROPRIATION AND FUNDING
AT 1962 SESSION OF GENERAL ASSEMBLY

Description of Projects By Agency or Institution	Capital Construction Schedule-No.	Pre- Preliminary Project-No.	Total Estimated Cost	Recommended to 1962 Session			Funding Deferred until F. Y. 1963-64
				Capital Construction	Cash Funds	Federal or Other	
STATE HOME & TRAINING SCHOOL— GRAND JUNCTION							
Equipment for Laundry—Sewing Room Bldg.....	15-1	67-61	\$ 150,000	\$ 112,800	\$ 0	\$ 0	\$ 37,200
Storage Addition to Maintenance Bldg.....	15-2	68-61	33,680	33,680	0	0	0
Two 20-Bed Pre-placement Cottage.....	15-3	66-61	311,700	311,700	0	0	0
Playground Development.....	15-4	65-61	15,000	10,000	0	0	5,000
Additional Paving.....	15-5	118-61	30,000	30,000	0	0	0
Sub Totals.....			\$ 540,380	\$ 498,180	\$ 0	\$ 0	\$ 42,200
STATE HOME & TRAINING SCHOOL— WHEATRIDGE							
Remodel 4 Bldgs. at Fort Logan for 60 Children.....	16-1	168-61	80,419	80,419	0	0	0
Covering Jocheum Ditch.....	16-2	56-61	33,000	33,000	0	0	0
Shelter for Dairy Herd.....	16-3	57-61	8,000	8,000	0	0	0
88-Bed Hospital & Infirmary.....	16-4	59-61	1,171,490	50,000	0	0	1,121,490
Fencing.....	16-5	61-61	3,500	3,500	0	0	0
Laundry Equipment.....	16-6	62-61	23,400	23,400	0	0	0
Sidewalks, Curbs, Gutters & Paving.....	16-7	60-61	68,500	0	0	0	68,500
Ventilating 2 Custodial Wards.....	16-8	63-61	42,000	42,000	0	0	0
Sub Totals.....			\$ 1,430,309	\$ 240,319	\$ 0	\$ 0	\$ 1,189,990
MONTE VISTA GOLDEN AGE CENTER							
Heating Plant Conversion.....	17-1	53-61	26,400	26,400	0	0	0
Paving of Roads.....	17-2	133-61	20,000	20,000	0	0	0
Sub Totals.....			\$ 46,400	\$ 46,400	\$ 0	\$ 0	\$ 0

TABLE CC-1—Continued

CAPITAL CONSTRUCTION PROJECTS RECOMMENDED FOR APPROPRIATION AND FUNDING
AT 1962 SESSION OF GENERAL ASSEMBLY

Description of Projects By Agency or Institution	Capital Construction Schedule-No.	Pre- Preliminary Project-No.	Total Estimated Cost	Recommended to 1962 Session			Funding Deferred until F. Y. 1963-64
				Capital Construction	Cash Funds	Federal or Other	
STATE HISTORICAL SOCIETY							
Fort Garland—Equipment.....	18-1	45-61	\$ 5,000	\$ 5,000	\$ 0	\$ 0	\$ 0
Repairs—Bloom Mansion Museum—Trinidad.....	18-2	46-61	10,000	10,000	0	0	0
Repair El. Pueblo Museum.....	18-3	47-61	10,000	10,000	0	0	0
Sub Totals.....			\$ 25,000	\$ 25,000	\$ 0	\$ 0	\$ 0
ADAMS STATE COLLEGE							
Physical Ed. Facility.....	19-1	52-61	1,025,000	950,000	0	0	75,000
COLORADO STATE UNIVERSITY							
Humanities Building.....	20-1	71-61	\$ 810,600	\$ 810,600	\$ 0	\$ 0	\$ 0
Men's Gymnasium.....	20-2	72-61	2,400,000	75,000	0	0	2,325,000
Vet. Hospital Animal Wards.....	20-3	73-61	60,000	60,000	0	0	0
Physiology Addition—Vet. Science Bldg.....	20-18	74-61	98,352	0	0	0	98,352
Growth Chambers—Agronomy Department.....	20-4	75-61	57,000	38,000	0	19,000 ^b	0
Surg.—Metabolic Laboratory.....	20-5	77-61	540,000	292,000	0	248,000 ^b	0
Site Improvement & Util. Expansion.....	20-6	163-61	130,000	130,000	0	0	0
Remodel Academic Buildings.....	20-7	164-61	115,000	115,000	0	0	0
Mach. & Equip. Storage Bldg.—Mesa County.....	20-8	137-61	5,000	5,000	0	0	0
5-Residences as follows:							
1—Rogers Mesa Sub-Station.....	20-9	139-61	16,000	16,000	0	0	0
2—San Luis Valley Branch Station Center.....	20-10	140-61	30,000	30,000	0	0	0
1—S. E. Branch—Springfield.....	20-11	143-61	16,000	16,000	0	0	0
1—Ft. Collins, Agronomy Farm.....	20-12	142-61	10,000	10,000	0	0	0
Mach. & Equip. Bldg.—Farm at Ft. Collins.....	20-13	141-61	16,000	16,000	0	0	0
Weed Res. Laboratory—Res. Campus.....	20-14	145-61	48,000	48,000	0	0	0
Pot. Res. & Virus Lab.—Res. Campus.....	20-15	147-61	44,000	44,000	0	0	0
Greenhouse—Agronomy Farm.....	20-16	146-61	20,000	20,000	0	0	0
Feeding Shed at Main Station Farm.....	20-17	162-61	12,000	12,000	0	0	0
Sub Totals.....			\$ 4,427,952	\$ 1,737,600	\$ 0	\$ 267,000	\$ 2,423,352

TABLE CC-1—Continued
CAPITAL CONSTRUCTION PROJECTS RECOMMENDED FOR APPROPRIATION AND FUNDING
AT 1962 SESSION OF GENERAL ASSEMBLY

Description of Projects By Agency or Institution	Capital Construction Schedule-No.	Pre- Preliminary Project-No.	Total Estimated Cost	Recommended to 1962 Session			Funding Deferred until F. Y. 1963-64
				Capital Co-struction	Cash Funds	Federal or Other	
COLORADO STATE COLLEGE							
Natural Science Building.....	21-1	78-61	\$ 2,380,000	\$ 80,000	\$ 0	\$ 0	\$ 2,300,000
Kepler Hall Remodeling.....	21-2	79-61	60,000	60,000	0	0	0
Sub Totals.....			\$ 2,440,000	\$ 140,000	\$ 0	\$ 0	\$ 2,300,000
FORT LEWIS A. & M. COLLEGE							
Science Building.....	22-1	32-61	406,000 j	406,000	0	0	0
Road & Street Improvement.....	22-2	35-61	25,000	25,000	0	0	0
Chain Link Fence.....	22-3	39-61	5,000	5,000	0	0	0
Sub Totals.....			\$ 436,000	\$ 436,000	\$ 0	\$ 0	\$ 0
COLORADO SCHOOL OF MINES							
Married Student Housing & College Union Bldg....	23-1	49-61	145,000	0	145,000	0	0
Science Building Equipment.....	23-2	51-61	71,000	71,000	0	0	0
Land Acquisition.....	23-3	165-61	50,000	50,000	0	0	0
Sub Totals.....			\$ 266,000	\$ 121,000	\$ 145,000	\$ 0	\$ 0
UNIVERSITY OF COLORADO							
Engineer Science Center.....	24-1	119-61	8,057,000 k	0	0	1,212,500 b	6,844,500
Ekley Building Reconstruction.....	24-2	120-61	1,273,611	783,685	0	489,926 b	0
Sub Totals.....			\$ 9,330,611	\$ 783,685	\$ 0	\$ 1,702,426	\$ 6,844,500

TABLE CC-1—Continued
CAPITAL CONSTRUCTION PROJECTS RECOMMENDED FOR APPROPRIATION AND FUNDING
AT 1962 SESSION OF GENERAL ASSEMBLY

Description of Projects By Agency or Institution	Capital Construction Schedule-No.	Pre- Preliminary Project-No.	Total Estimated Cost	Recommended to 1962 Session			Funding Deferred until F. Y. 1963-64
				Capital Construction	Cash Funds	Federal or Other	
WESTERN STATE COLLEGE							
New Library.....	25-1	149-61	\$ 950,000	\$ 950,000	\$ 0	\$ 0	\$ 0
Utilities & Site Development.....	25-2	151-61	50,000	50,000	0	0	0
Taylor Hall—Equipment.....	25-3	152-61	25,000	25,000	0	0	0
Sub Totals.....			\$ 1,025,000	\$ 1,025,000	\$ 0	\$ 0	\$ 0
SOUTHERN COLORADO STATE COLLEGE							
Academic Building—Plans.....	26-1		1,550,000	50,000	0	0	1,500,000
GRAND TOTAL			\$32,804,170	\$12,044,167	\$ 2,277,950	\$ 2,228,361	\$16,253,692

^a Highway Users Tax Fund.

^b Federal Funds.

^c To be repaid from Military Funds.

^d Military Funds (Acct. 2104).

^e Increased Federal Funds for this Project—total Federal Funds \$159,935.00.

^f Internal Improvement Income Fund.

^g This request is in addition to \$200,000.00 appropriated 1961 Session.

^h \$47,638.00 Federal Funds available for financing upon completion of Project which will be repaid to Capital Construction Fund.

^j \$18,000.00 for plans appropriated 1961 Session.

^k Additional \$2,000,000.00 B. M. L. funds previously authorized and available for this project—total cost of Project is \$10,057,000.00.

