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GOVERNOR'S PROPOSED BUDGET

1974-75

EUGENE T. PETRONE
EXECUTIVE DIRECTOR
DEPARTMENT OF ADMINISTRATION

Thank you Governor.

The experience and changing outlook of the current fiscal year have strongly impacted program decisions and fiscal planning for the request year. However, since Government, like life, is a continuous process, planning to attain new or redefined goals in the future is totally dependent on the achievements of the past. Therefore, I should like to discuss briefly with you some of the changes to the Appropriation Act, passed by you less than a year ago.

The Budget, as appropriated by the last Session of the General Assembly, contained an estimated surplus of approximately \$70.3 million. However, three major factors affected that surplus. First -- the surplus for the fiscal year 1972-73 was underestimated. Second -- we have revised upward the current year's revenue estimate by \$10.9 million, which reflects the good fortune of our economy during calendar 1973. And lastly -- we anticipate an additional windfall in savings of \$10.2 million, which relates directly to two new programs appropriated last Session. These additional dollars, coupled with the assumed \$70.3 million surplus, reflect an end of the fiscal year surplus of \$105.6 million. This surplus does not reflect the \$15 million cash revolving fund.

As a result of Colorado's good fortune, the Governor has proposed increasing the food tax credit from \$7 to \$21 per person, amounting to a tax reduction of approximately \$32 million, effective for calendar year 1973. Such action would in turn result in a carryover surplus of some \$73.6 million.

WHY UNDERESTIMATED SURPLUS (1972-73)

The surplus carried over from 1972-73 was approximately \$14.2 million more than estimated. These additional sums were directly related to increased revenues, savings in operating budgets, and cancellations of encumbrances.

WHY UNDERESTIMATED REVENUES

We are now projecting that our original revenue estimate for the current year will be exceeded by some \$10.9 million. Revenue increases for the first five months of this year have exceeded those for any comparable period in recent history. You will note that the full year's increases for the two actual years shown have been 93% or better of the increase experienced during the first five months of each year. For the current year, the percentage increase in revenue, upon which we are basing our fiscal planning, is only 75.9% of the increase rate we have experienced during the first five months.

This difference between partial year actuals and full year projection, larger than any we have seen in the past seven years, came about because our current projection is based on economic forecasts, indicating tight money, potential natural gas shortages, reduced housing building activities, and declining automobile sales. Although we have not yet published the six month figures, the rate of increase in revenue collections remains at 21%. As a result, a growth rate of only 11% for the balance of the year will meet our current projection. Anything over 11% for the balance of the year will produce an excess.

WHY UNDERESTIMATED SAVINGS

Much controversy was generated last Session, over the impact of the President's 1973 budget on State programs and the economy of Colorado. The General Assembly decided to replace anticipated losses in Federal Funds with State Revenue Sharing moneys, and appropriated \$8.5 million for these programs. To date we are assured that a minimum of \$4.5 million of that sum will revert to the General Fund, with a potential of up to \$6.5 million.

In the area of Public School Financing, the estimated reversion to the General Fund is expected to be at least \$7 million. The reversion this year,

and the contemplated budget for next year, is very heavily influenced by increased assessed evaluations and the zero increase in student population.

R.T.D. is reverting due to legal problems and normal savings generated by the remainder of General Fund agencies will range from \$6 to \$9 million, resulting in total savings this year of at least \$18.5 million.

These unanticipated windfalls, creating a surplus soaring beyond \$100 million, made it possible for the Governor to ask you to "Use the surplus...to relieve those hardest hit by rising costs of living -- the aged poor and those on low and fixed incomes."

The food tax credit proposal is an attempt to lessen inequities in our tax structure, as identified in the Colorado Tax Profile Study recently completed at the direction of the General Assembly. Hopefully the measure will help offset the 50% increase in food costs which has occurred since 1965, when the food tax credit was increased to \$7 per person. Furthermore, it will take at least 100,000 taxpayers off the tax rolls and provide a family of four an additional food sales tax credit of \$56 or \$2800 of tax free food.

The pie chart which follows -- clearly indicates the Governor's commitment... "To provide the greatest relief to those on whom the present tax burden falls most heavily."

Those making \$15,000 a year, or more, earn approximately 41.6% of the State's total income. However, under the proposed food tax credit they will receive only 21.4% of the benefits, whereas those with incomes under \$15,000 per year will receive 78.6% of the tax relief.

Looking at it in still a different way, the combined tax reliefs, i.e., food tax relief and the Public School Foundation Act program, benefit those who make under \$5,000 -- twice as much as those earning \$25,000 a year.

In the near future, we anticipate a nearly 40% decline in the rate of growth of personal income and retail sales. However, the continuing healthy trend of the State's economy will prevent growing national economic troubles from becoming a crisis for the people of Colorado. Some sectors of our economy, such as recreation, auto sales, housing construction, and related industries, may experience some difficulties, but the overall economic level of the State will continue to grow though perhaps at a somewhat slower rate than in the recent past.

On the other hand, good news about our economy continues to outstrip the bad. Anticipated agricultural price increases and the addition of nearly 100,000 acres to wheat production, coupled with a continuing trend of good precipitation promising a good farm year, are providing a helping hand to Colorado's economic health. Furthermore, oil company bids on 5,000 acres of oil shale land, are a leading indicator of developing prosperity for the State. Colorado has 100 times that many acres of oil shale land available for future development.

As a result of this prosperity, the surplus projected to be carried forward into 1974-75 is \$73.6 million after deduction of \$32 million in food tax credit. The current revenue estimate of \$722 million for fiscal year 1975 reflects an increase of 10.9% and is predicated upon the following assumptions.

There will be sizeable reductions in the rate of growth of both State and National economies. Shortages of petroleum products and other materials are expected to cause a slight decrease in real National output the first half of 1974, but a fairly strong recovery is anticipated in late 1974 and early 1975. Inflation should accelerate to 7-1/2% annual rate during 1974. For Colorado, the National slowdown will result in slower growth rates in the manufacturing industries. Tight money in late 1973, and the prospect of natural gas shortages, should bring a further reduction in home building activity next year, although some recovery is likely late in the year.

Colorado employment is expected to grow by 2.9% -- the smallest increase since the defense and aerospace cutbacks in the early Sixties. Personal incomes will increase by about 10% and consumer spending will grow more slowly in 1974, due to weak automobile sales and a decline in areas related to housing.

As noted, the 10.9% revenue increase is substantially below the average of 16% over the last six years. Although a slowdown of our rapid economic growth will take place, due to the energy crisis, it will not be a disaster.

Revenue sharing funds will amount to \$23.4 million the third year of the authorized five-year program. Total revenues are projected at \$819 million. The Governor's tax program, as outlined in his message to you, is in two parts, covering both fiscal year 1973-74 food tax credit and 1974-75 elderly property tax and rental relief. The proposed bill, outlined in later slides, will add approximately \$6.5 million in benefits.

Total operating cash for the fiscal year 1974-75 will be \$812.5 million.

Turning now to Expenditures, you will note that we have these classified into four principal areas:

---Ongoing programs of \$430.5 million, an increase of \$38.5 million, or 9.5%, to meet our continuing responsibilities for established State programs, details of which will be explained later on in the presentation.

---Public School Foundation Act (Minimum Equalization only), reflecting an increase of some \$62 million over the current fiscal year, and bringing to full implementation that program. The above figure is some \$25 million below estimated projections of last year.

---We have elected to separate out new programs -- all of which are reflected in the Governor's Budget. Some of these can be handled budgetarily, while others will require substantive legislation and therefore are included on the Governor's call. These sums and programs will also be highlighted later.

---Total operating expenditures are therefore proposed at \$721 million.

---In the area of capital construction, the Budget reflects an additional \$14.3 million transfer from the General Fund to the Capital Construction Fund. However, you must not be misled by this sum since the General Assembly, at its last Session, transferred \$31 million more into this Fund than they appropriated. Therefore, the total proposed appropriation for capital construction is \$31 million, plus \$14.3 million, or a total of \$45.3 million.

---The total Budget becomes \$735.3 million. Supplementals and savings are reflected at \$4 million and \$8 million respectively, leaving a surplus of approximately \$81.2 million available for fiscal 1975-76.

As indicated earlier, the Governor's Tax Program covers two fiscal years. Having addressed the food tax credit, we must now direct our attention..."To those who were here before us" and compensate in a very small way our immense debt to them.

The proposal would increase the maximum property tax and rental relief from \$270 to \$400 and would extend these benefits to disabled persons and unmarried widows, and hopefully make these benefits available to at least 100,000 Coloradoans.

Many persons covered under the old law will find their benefits doubled. For example, an elderly couple earning \$3,000 a year, and living in a \$16,500 home, would receive credit for the entire amount of their property tax, whereas, under the present statutes they would only receive \$200.

In short, the tax burden for an average family of four, under the food tax credit program, and increased support under the Public School Finance Act of 1973, will result in reducing the present total tax burden of \$1744 per year to \$1548 per year, or some \$196 reduction.

Having briefly outlined for you the Governor's proposed Budget and tax reform measures, we shall outline for you the impact of his Budget in subsequent years, addressing required revenues to continue it and expected surpluses.

Alternative A, which seems to us to be the most realistic of the three we shall outline for you, consists of revenue estimates growing at approximately 11% per year, which by all yardsticks is conservative. Expenditures for ongoing programs will increase at about 9%, which should permit the State to comfortably meet its continuing commitments -- new programs of some \$20 million annually -- which is substantially above historical patterns -- and capital construction of \$20 million annually -- which again is adequate, due to the large investments in this program during the middle Sixties and early Seventies. As you will note, the surplus of \$81.2 million is diminished only slightly during the next two years, which says, of course, that the food tax credit could comfortably be provided next year and possibly even in 1976-77.

Alternative B assumes a slightly lower revenue estimate for the Budget year, and a continuing decline thereafter. Expenditure growth projected at 9% -- again above historical patterns -- the same for new programs (\$20 million) and capital construction (\$20 million), results in surpluses of \$75.1 - \$48.8 - and a balanced Budget in 1976-77, indicating again that the Governor's Budget and Tax Program can be supported under very conservative revenue assumptions and very liberal expenditure projections.

The third alternative reflects extremely conservative revenue estimates, supporting primarily inflationary increases and no real growth. Expenditures are adjusted at 8% -- sensitized to revenues as any sound Budget would demand. New Programs and Capital Construction are reflected in projected years at \$15 million annually for each program. You will note that even under these extremely rigid and unrealistic revenues the surplus provides for a balanced Budget in projected years, as well as supporting the Governor's proposed Budget for 1974-75.

GENERAL FUND DISBURSEMENTS

The trend of General Fund disbursements to the local level reflects our faith in local governments and the recognition of common interests. Whereas, in 1971-72, 43% of these dollars went to the local level, it is now proposed that 53% of our General Fund Budget be disbursed, to continue property tax reductions, enhance the quality of Education for our children in academic, vocational, and handicapped areas -- care for our medically/mentally ill and retarded in the community, and for our less fortunate citizens, the aged, needy, blind, and dependent families.

Converted into dollars, this means an increase of \$193.7 million, or 103% over a three-year period.

Moving now to Budget, which includes revenues from all sources, you note that the total Colorado Budget has now exceeded \$1.5 billion, a figure far beyond our expectations of just a few years ago, but consistent with serving needs generated by population growth, seeking solutions to the various problems of our age, and operating programs required to serve all our citizens.

Revenues show an excellent balance, with approximately 25% generated from Federal sources; 21% from income taxes; 26% from sales, use, cigarette and excise taxes; and 25% from various other sources such as franchise taxes, inheritance, insurance, etc.

Expenditures for the most part are not going for the operation of State departments or agencies (Government and business), but for Human Resources (the mentally ill, retarded, aged, disadvantaged, disabled, and health related) -- Education (local school districts, community colleges and universities) -- Physical and Environmental Resources (our environment and transportation system).

And lastly, of the Budget dollar -- which relates only to General Fund moneys -- we find that of every dollar generated 41 cents comes from sales, use, etc.; 38 cents from individual income tax; 6 cents from corporate income tax; 3 cents from revenue sharing moneys; and 12 cents from all other taxes.

Of the tax dollar expended, Education receives 63 cents to meet the 98,000 students in Higher Education, while at the same time paying approximately 56% of the total educational costs in elementary and secondary education.

Human Resources consumes the next largest sum -- 25 cents -- providing services for approximately 300,000 citizens ranging from maternal and child health care, corrections, and aid to the aged.

The size and variety of State Government responsibilities involve many tasks which do not directly render services to the General Public as their primary role, but which exist to serve the supportive services to other State programs. General Government and Business receives 6 cents.

The remaining 4 cents goes for capital construction and salaries and benefits for State employees.

Thank you for your attention to this brief overview of our plan for the coming year. We've tried to emphasize programs which you have recognized as representing the most pressing needs of our people.

We have grouped these programs into resource areas such as Human - Educational - Physical and Environmental - and General Government.

I have asked George Delaney to provide you with some detailed highlights in the area of Human Resources.

Mr. George Delaney.

ADMINISTRATION OF JUSTICE

The Administration of Justice program strives to provide protection against bodily injury, loss of life, and loss of property resulting from unlawful or unfair actions; reduce the occurrence of crime and delinquency; provide a legal system for conflict resolution; and provide a system of rehabilitation.

This program represents a total investment of \$75.5 million. New money amounting to \$7.4 million is recommended for this program in fiscal 1974-75 to expand and improve Colorado's efforts in this important service area.

The index crime rate in our State continues to increase. In 1969, one major crime occurred for every 33 Coloradoans. In 1972, that ratio increased to one crime for every 25 citizens. The need to reverse the increasing crime rate in Colorado is fully recognized.

The State's Administration of Justice program consists of six basic components. The prevention effort, the apprehension and detection of those committing crimes, and the protection of the individual's legal rights as a citizen. The Judicial system for the determination of guilt and the program responsible for the reformation of convicted offenders complete the system.

The need for an effective crime prevention program in Colorado is emphasized by the frequency of major crimes. Four murders occur in Colorado every week. In that same period, an average of 672 burglaries have also occurred. The prevention system is composed of four units working toward the minimization of the incidence of crime. Through training and the development of sophisticated technology at all government levels, the effectiveness of this system can be enhanced.

The Administration of Justice program provides for the protection of individual rights and the uniform interpretation and enforcement of the laws for all

citizens. This includes those services required to represent the State in legal actions brought against it.

The focal point of the Justice program falls on that component responsible for the provision of prompt and equitable justice under the law. The Judicial Services program determines the guilt or innocence of the offender and imposes sentences on those found guilty during which their rehabilitation is to take place to the degree possible.

The Judicial System includes the Public Defender program, to provide legal services for those unable to finance such assistance on their own and the probation function. In 1972, 47.3% of those convicted offenders in criminal cases were sentenced to probation. In the same year, 29% of all convicted offenders in criminal cases were sentenced to one of the adult correctional facilities in the State.

The reformation of offenders system effects all other Justice programs. If the rehabilitation process is effective, the incidence of crime committed by repeaters will be reduced. Therefore, the Governor's program for 1974-75 places increased emphasis on this element. The term "institutions," especially as applied to corrections, has always had a bad connotation. The institutionalization of an offender has, in the past, meant his isolation from society and the end of his free, productive life. This is no longer true in Colorado corrections. The rehabilitation of the offender by means of all resources available is the paramount objective of the correctional system. Community programs using local resources, including the family and friends of the offender, are being emphasized, and the harsh alternative of the institution is being utilized on as infrequent a basis as possible.

The reformation programs will process a total of 9,300 offenders, both juvenile and adult in fiscal 1974-75. The correctional system is to be embodied in a new Department of Corrections. The Department will include two basic components, youth services and adult services.

The youth services programs work to rehabilitate an increasing number of juvenile offenders. This rehabilitation is carried out via three programs; an effective diagnostic program, operating in the five juvenile detention centers, an institutional treatment program consisting of Mt. View, Lookout Mountain, two youth camps, and an ever growing community program.

The reformation of adult offenders is evolving into a system which stresses rehabilitation rather than custodial care. Adult services is the central point in the improvement theme for Colorado corrections in 1974-75. The adult system consists of a vastly expanded and improved diagnostic program, an institutional program, and a community program. The institutional program consists of the Penitentiary complex in Canon City and the Reformatory in Buena Vista. The community program includes parole and the work release units.

The Governor's budget places an unprecedented emphasis on the Administration of Justice program. The total new investment in this program represents a 10% increase in total funding, and a 17% increase in program personnel.

The criminal justice information system and the training programs for law enforcement officers, both local and State, are increased with the addition of \$262,000. This money provides for the effective operation of the Colorado Crime Information Center and includes the expansion of the Colorado Law Enforcement Training Academy to meet the requirements of mandatory certification for Colorado peace officers.

The budget provides the funds necessary for the State's share of the "buy in" money, which satisfies the requirement that the State provide at least one-half the match funds for those projects funded by L.E.A.A. for local units of government. The recommendation also includes the required "hard match" State money necessary to obtain L.E.A.A. funds for State agency projects. This represents a total investment of \$983,000 which will bring Federal Funds to Colorado in 1974-75 amounting to \$17.1 million, to improve the criminal justice system.

The need to provide all citizens accused of crimes with legal services and protect their legal rights is recognized in Colorado's justice program. The budget increases the Public Defender's staff by 11 personnel, excluding clerical additions. These new staff will meet the increasing caseload as well as provide coverage for the expanded judicial system. This cost will amount to \$356,000.

The court system is experiencing an ever increasing caseload. A delay in this effort can do harm to the effectiveness of the entire program. The Trial Courts in Colorado are experiencing an increasing criminal caseload of 143.9%. In view of this mounting caseload expansion, the budget includes an increase of \$1.1 million to provide additional staff, both professional and clerical.

The jurisdiction of the Appellate Court will be expanded to include criminal cases. This will provide an intermediary level between the trial courts and the Colorado Supreme Court. This expanded jurisdiction will require the addition of three judges and support staff to handle the increased case requirements. This recommendation requires an investment of \$264,000.

As stated earlier, 47.3% of convicted criminal offenders are sentenced to probation. To reduce the caseload ratio of probation officers and establish more effective supervision, an additional 31 probation officers are recommended in the 1974-75 budget. This investment of \$570,000 will help bring about the equalization of probation services in all parts of Colorado.

The reformation of offenders program is receiving increased emphasis and funding in the Governor's budget. The youth services system will be expanded with the addition of a regional center in Pueblo for southern Colorado. This facility, located at the former prison dairy farm and reflecting a \$377,000 investment, will provide centralized regional administration, as well as an alternative to the Pueblo County jail, for detaining juveniles. In 1972, the Pueblo County jail housed 810 juveniles for an average stay of four days.

In addition, the youth services treatment staff at both the detention centers and the institutions is expanded with the addition of \$188,000. This will provide expanded treatment in the Intensive Treatment Center at Lookout Mountain School, as well as support personnel for the efficient operation of the detention centers.

The adult services program has received a great amount of attention in the past months. The problems at the Penitentiary have been frequent and of major proportions. The Governor's budget includes provisions for the solution of many of the problems encountered, as well as the expansion and improvement of both programs and facilities in the system.

The need to evaluate all offenders, both those pending sentence and those committed to correctional institutions, is great. The rehabilitation of the individual cannot occur unless he can be completely evaluated and a treatment program designed specifically to meet his needs is developed. As a result, Colorado corrections will place a greater emphasis on this process in the coming year. The Governor's budget reflects an investment of \$726,000 to provide diagnostic services. These services will be provided to the convicted offender prior to sentencing, the newly committed offender, and the present incarcerated population. The addition of 16 personnel for institutional diagnostic services will be used to complement the existing programs at the Penitentiary and Reformatory. Services will be purchased from mental health centers, hospitals, etc., to provide the pre-sentence evaluations.

Following an individual's diagnosis, he should be assigned to the program dictated by his evaluation. This requires a program and population flexibility which does not at this time exist, but is provided for in the budget. This flexibility will also eliminate the problems of over-concentration of inmates in confined areas. The present population at the Penitentiary will be shifted through changes in the use of the Women's Unit and the Pre-Parole Center in Canon City. Capital Construction funds

amounting to \$500,000 are recommended to modify the present facilities in the Canon City complex. These modifications will include demolition of outmoded structures and the remodeling and relocation of certain units. Through these methods, the population at the maximum security unit at the Penitentiary can be reduced from the present level of 730 inmates to a population of approximately 550.

The improvement of population flexibility must also be accompanied with an expansion and increase in rehabilitative programs. The budget reflects an increase in treatment programs of \$200,000. This increase includes 17 new positions at both the Penitentiary and Reformatory. A substantial increase in the Inside Campus College program at the Penitentiary and increased funds for the purchase of equipment for use in all treatment programs are also included.

The continued emphasis in community treatment for reforming offenders is exemplified with the addition of two work release centers, costing \$215,000, which will be located along the populous front range and will increase the work release population by 50 inmates. The community program is also the focal point of a recommended planning program of \$244,000. This money will be used for the planning of community correctional facilities as to their size, location and programmatic makeup. The planning effort will also encompass the institutional programs in adult services.

The State program of Administration of Justice is expanded and improved in the 1974-75 budget recommendation to meet mounting caseloads while providing the means necessary to reduce the incidence of crime and successfully rehabilitate and return those offenders of society's laws.

HEALTH AND REHABILITATION

The program of Health and Rehabilitation encompasses the State's efforts to promote living conditions and an environment conducive to minimizing health hazards while providing a system for developing the capabilities of the handicapped citizens of our State. Colorado will invest \$109.4 million in this program in 1974-75 of which \$6 million is new money. The maintenance of our citizens' health is crucial to the development of our State. Ready access to the entire range of health services must be available to all. Colorado's health delivery systems are, in fact, keeping pace with our growing population. The rehabilitation aspects of this program emphasize the need to improve the ability of the physically and mentally handicapped, including the deaf and blind, to function as part of the labor force to their fullest potential. The Services for the Developmentally Disabled include the State's program to serve the mentally retarded. The Rehabilitation programs have been combined in a new department as proposed in the Governor's reorganization plan. The new Department of Rehabilitation for the Disabled will include the Developmental Disabilities Division, Services for the Deaf and the Blind, including the School in Colorado Springs, and the Vocational Rehabilitation Division.

The system providing physical health services to the citizens of our State includes local and regional health clinics as well as Colorado General Hospital. The physical health caseloads over the past two years and the projections for the coming year show marked and continuing increases in the handicapped children, family planning and maternal and child health services.

The mental health delivery system strives to minimize the occurrence and impact of mental and emotional disorders. Fort Logan Mental Health Center, the Colorado State Hospital in Pueblo, the Colorado Psychiatric Hospital and many local

mental health clinics and centers provide treatment to citizens. The mental health caseload continues to increase in total. The increase, however, is in the community aspect of the delivery system while the institutional programs are remaining virtually stable. The trend confirms the State's emphasis on community treatment. The budget projection indicates that 48,600 citizens will receive mental health services as provided by the State.

The rehabilitation services are provided by the Vocational Rehabilitation program. Twenty-six offices statewide managed from six geographical district offices, provide counseling, evaluation, training, and placement services to handicapped Coloradoans.

The Services for the Deaf and the Blind provide quality education and training to those individuals so handicapped. The program also provides placement for those individuals who require the sheltered workshop environment. The system includes the School for the Deaf and the Blind in Colorado Springs, and the Blind Workshop. The School for the Deaf and Blind projects an enrollment of 395 in the coming school year. The Blind Workshop provides 55 jobs for blind individuals who, though requiring a sheltered environment, can earn a livelihood and acquire vocational training.

The Health and Rehabilitation program also includes the developmental disabilities treatment service system. This system includes institutions as well as community centers. The Training Schools at Wheatridge, Grand Junction, and Pueblo are included. The Developmental Disabilities program treats those individuals with cerebral palsy, epilepsy, mental retardation and those afflicted with other neurological disorders. The emphasis in this program, as in all other treatment programs, is to integrate the individual into the community in a normalized environment and to utilize institutional programs when no other alternative exists.

The caseloads for the rehabilitation of the disabled illustrate the continued emphasis on community treatment. The vocational rehabilitation and the developmentally

disabled programs show an overwhelming percentage of treatment offered in normalized community settings. The Deaf and the Blind caseload shows a smaller majority of community treatment but this is attributable to the operations of the Colorado Springs school and the relatively smaller total treatment population in this program.

The Governor's budget recommendation for this State program includes an investment of new money totaling \$6 million.

An integrated statewide emergency medical service system is proposed for implementation in 1974-75. This program, costing \$167,000, will provide mobilized health delivery systems on a regional basis. These systems will allow for the emergency care of critically injured persons as well as reaction in time of disaster. Non-medical personnel will be trained in life saving methods as part of this program which will effect all of Colorado.

The ever-growing population of our State places a constant burden on the health services delivery system. The need for expansion of local health services is recognized and a new investment of \$267,000 is provided. These funds will expand health services in the 13 organized local health departments to serve the projected population of 2.3 million.

The redeployment of adult psychiatric services from Fort Logan Mental Health Center to four metropolitan-community mental health centers is proposed for the coming year. This recommendation represents further efforts to find and develop alternatives to institutional treatment. The caseload will be transferred in total to the community centers. The costs involved amount to \$850,000. The reduction in Fort Logan's caseload will reduce their funding accordingly.

The budget provides for differential per capita funding for local mental health treatment centers. This differential will be based on poverty area designations. An investment of \$79,000 will allow for funding of \$1.15 per individual in the poverty designated areas versus the \$.85 per capita allocated to the other areas

of the State. This recommendation will move toward equalizing Mental Health treatment in all areas of the State regardless of their economic level.

The present inpatient psychiatric services provided at the Colorado Psychiatric Hospital will be moved to Colorado General Hospital. This move is necessitated due to the deteriorating condition of the Psychiatric Hospital.

Capital construction funds of \$125,000 are recommended to remodel a given area of Colorado General Hospital to accommodate 40 inpatient psychiatric beds. This recommendation will bring Colorado General Hospital to full capacity for the first time since its opening in 1965. The outpatient services presently provided at Colorado Psychiatric Hospital will remain there for the immediate future.

The vocational rehabilitation program will be expanded by the addition of fourteen rehabilitation facilities and workshops. This expansion will cost an additional \$164,000 and increase the number of vocational rehabilitation offices to 40 statewide.

The Colorado School for the Deaf and the Blind has been experiencing a continuing rise of multi-handicapped students in their enrollment. This change in student body character has required significant alterations in the residential and educational programs at the school. The need for a behavior modification program has become crucial. The general education of the students must now be supplemented with programs directed toward the emotional and mental conditions of the students. The budget recommends a behavior modification program for the school, including 13 FTE at a cost of \$90,000.

Two major construction projects are recommended for the School for the Deaf and the Blind in 1974-75. In view of the energy situation the heating plant at the school will be converted to a coal-fired operation at a cost of \$211,000. The present gymnasium at the school has become overcrowded and is deteriorating due to high usage. Planning funds of \$14,500 are recommended in the budget for the new

gymnasium which will be scheduled for construction in fiscal 1975-76. This new facility will be located on the south campus of the school and will be used primarily by the larger deaf student population. The facility will cost approximately \$380,000 in its construction phase.

The developmental disabilities programs will emphasize community treatment in the Governor's budget. The number of mental retardation community hostels will be increased by 30 in 1974-75. This expansion, costing \$300,000, will provide for an additional 180 clients in this community program. Forty percent of these clients will be placed from State institutions.

In a further expansion of community treatment, \$104,000 is recommended to provide foster home care for an additional 50 mentally retarded children. This will bring the number of children cared for in foster homes to 300.

The Community Center Day Care program will receive more State financial support in the coming fiscal year. The local funds to support the day care programs will provide 10% of the cost, the State and Federal Funds will provide the remaining 90% for full funding for those children not qualifying under Title 45. This recommendation will reduce the financial burden placed on local governments at a cost to the State of \$1.2 million of new investment. A total of 3,700 children will participate in these community center day care programs.

The Residential Child Care program will be expanded to provide for 230 mentally retarded children. The program expansion will provide a further alternative to institutionalization at a cost of \$559,000 of new investment.

Reviewing the highlights of the Developmental Disabilities program, the thrust of the Governor's budget recommendations become quite clear. A total of \$2.2 million of new money is recommended for the expansion of community treatment programs in this service system. The proven alternatives to institutions will be supported and expanded.

Colorado's health and rehabilitation programs are keeping pace with the growing demands for these services. The proposed \$109 million investment in this program will allow Colorado to continue to meet the needs of all her citizens.

SOCIAL ASSISTANCE

Developing the capability of adults, children, and families to achieve meaningful and rewarding community living is the responsibility of the Social Assistance program. This program represents an investment of \$303.4 million for 1974-75. The budget provides for an increase of \$11.6 million of new program money.

The Social Assistance program consists of four major components: Income Maintenance, Employment Assistance, Medical Assistance, and Social Services. These programs provide a broad spectrum of services to all age groups and individuals requiring supportive care. The Income Maintenance program represents 52% of the total Social Assistance costs. The Medical Assistance program is the second largest comprising 34% of the total costs.

The Medical Assistance program through nursing home support and the provision of professional medical services, provides the system by which all citizens of Colorado below the Social Assistance standard can receive basic medical care. This program provides hospital care both inpatient and outpatient, nursing home care, physician services, prescription drugs, mental health and mental retardation care and family planning services. In the coming year this program will finance 185,800 patient hospital days, 3 million days of nursing home care, and 262,000 days of adult residential care for the developmentally disabled.

The Social Services program includes specialized services such as day care, homemaking services, and foster care. These services assist needy individuals for the purpose of attaining maximum self-care and personal independence. This program also serves the veterans of Colorado, their dependents and survivors by providing individual assistance relative to their veteran's benefits entitlement. A total of 3,500 children will be served in the Child Welfare program in 1974-75.

The Day Care program provides child care services for the parents of approximately 8,500 dependent children each month. The parents of these children are employed and can only retain their positions if their children are provided for in their absence.

The Veteran's Center in Monte Vista, Colorado, providing residential and nursing home care to those disabled and aged Colorado War veterans houses an average population of 160 veterans and their dependents. The average age of the center's population is 75 years. The program also includes the center at Trinidad, Colorado.

The Employment Assistance program strives to provide and improve the capability of those persons who are unemployed, or underemployed as a result of social, educational, mental, physical, economic or other handicaps. The program works toward the creative use of manpower resources while allowing individuals and families to achieve self-sufficiency. This program consists of the Division of Employment in the Department of Labor and Employment. The employment status of Colorado compares favorably to the national level. Employment in our State grew by 6.5% in 1973 as compared to the national average of 3.8%. In addition, unemployment in Colorado was one of the lowest in the nation at 3.1% for 1973. The average national level was 4.9%. The placement of persons in need of employment and manpower development programs are included in this system to prepare the unemployed for employment. The Unemployment Insurance program is also administered in this State program thus rounding out the system to include all employment services needed by the citizens of our State.

The largest subprogram in the Social Assistance system, in terms of cost, is the Income Maintenance program. The goal of this program is to provide financial assistance to those Colorado citizens who, because of their individual circumstances, are without sufficient income, and resources to meet their basic needs. The service system includes aid to the needy disabled, aid to the blind, old age pensions, and food assistance. An average monthly population of 253 blind, 8,460 needy disabled,

102,000 dependent children, and 27,800 old age pensioners receive monetary grants. Additionally, food assistance valued at \$31 million is provided.

The Governor's budget reflects an increased investment of \$11.6 million in the Social Assistance program.

An increase of \$1.9 million is requested to provide medical assistance to those citizens over 65 who because of changing Federal regulations, no longer qualify for Medicaid. This service will further ease the financial burdens of Colorado's senior citizens.

The cost per day for nursing home care both skilled and intermediate will increase the coming year from \$9.78 to \$10.41 per day. The budget include \$1.9 million to provide for this cost increase while continuing to meet the service demand at a satisfactory level.

The Social Assistance program provides for financial support for those citizens who are developmentally disabled and cared for in either a State institution or a State supported community program. The budget will provide an additional \$1.5 million for maximum medical coverage for those individuals requiring such treatment. The funds for this service, including the new investment, will provide a total of 472,000 paid care days.

Providing services and care for Colorado's veterans is emphasized in the Governor's budget. The education program, to be discussed later, includes provisions for special services for the Vietnam War Veterans. The Social Assistance program includes the establishment of a new veteran's nursing home in Florence, Colorado, for our senior veterans. This facility, at a cost of \$950,000, will provide 120 beds for qualified veterans needing such care. This center will become operational in fiscal 1975-76.

In the Child Welfare program an additional \$817,000 is recommended to provide family foster care for an additional 153 children. This will raise the

number of children in the program to 2,600. These individuals can enjoy the experience of family life versus the world of the institution.

As mentioned earlier, the State program provides financial assistance for the care and treatment of those citizens who are developmentally disabled. The program also assists others who require specialized care. The residential facility care program is increased by \$1.8 million. This will provide for an additional 75 regular clients and 118 developmentally disabled clients. The budget also provides for the placement of an additional 1,263 Title 45 qualifiers in the community center treatment programs. This increase amounts to \$1.5 million.

The Employment Assistant program is increased with a new investment of \$200,000. This money will be used to improve job placement programs for finding worthwhile employment for the unemployed. This program will work to place 47,100 individuals in gainful employment in 1974-75.

New money of \$1.7 million is recommended for the Income Maintenance program. These funds will be used to increase the State's aid to county welfare administrations. This program will also increase its efforts in welfare fraud investigations.

The Social Assistance program represents Colorado's efforts to aid the individual in his striving for self-supporting independence and an acceptable style of life. The investment of \$303.4 million in this effort indicates a continuing dedication to provide for those citizens of Colorado needing assistance in developing their personal capabilities.

Mr. James Greer will now discuss the State programs of Natural Resources and Environmental Conservation and Educational Resources.

EDUCATION

Perhaps no activity in a free democratic society is of greater importance than education. It is the process by which society develops its most valuable resource -- people.

In the past, education was seen as the means to develop the intellectual skills and moral standards of citizens.

During the past twenty-five years, and especially the last decade, much has happened to bring about major changes in the needs of people for education.

The technology or information explosion has made education a necessary part of people's lives throughout their lifetime. The rate of change in today's world leads to human obsolescence if education is not made accessible at the time it is needed and where it is needed by citizens. While our values permit the junking of an obsolete machine, the thought of an obsolete human being is unacceptable.

The State of Colorado has developed policies to meet the needs of its citizens in three primary areas of concern:

First, to meet the academic needs of people which will permit them to attain the skills and abilities for effective living in a complex society.

Secondly, to meet the vocational needs of people by promoting an instructional delivery system which will develop the knowledge, skills and competence of individuals seeking occupational entry, re-entry, or advancement in business, agriculture, industry, or government.

And finally, to provide equal opportunity for education to individuals with physical, mental, and educational handicaps.

A total of \$704.8 million is recommended for education for 1974-75. The allocation of these resources, as you can see, is \$593.3 for academic needs, \$65.5 million in handicapped education, and \$46.2 million for vocational education.

This represents a new investment of \$122.1 million in education resources.

We believe this investment will, in addition to meeting the educational needs of the people of Colorado, contribute to maintaining our highly skilled work force - the educational level of which is among the highest in the Nation. National data shows that Colorado ranks second in the United States in the level of education of its citizens.

The proposed Budget for education will provide direct services to 633,341 people of all ages in Colorado. This represents approximately 25% of the State's current population.

We recommend full funding of the Public Education Finance Act of 1973. This will bring State support to Public Education to the level of 55.7% of the total cost. In addition, the funding of this Act results in a reduction of the property tax burden upon the citizens of the State through an average decrease of 14.9 mills.

The academic program is composed of several efforts. The School Foundation program distributes State funds for basic education to 181 school districts with over 1,200 primary and secondary schools.

Public Education Administration, through the Department of Education, provides leadership at the State level and distributes categorical funds, including migrant education and school lunch programs.

Universities and colleges provide advanced educational programs to some 100,000 students. These institutions meet the adult needs in this area and include two-year community colleges, four-year general colleges, universities, and specialized institutions, such as the Medical Center and School of Mines.

Assistance to students who demonstrate financial need or show exceptional scholarship is provided for by a student aid program administered by the Colorado Commission on Higher Education.

An outreach program also administered by the Colorado Commission provides

educational services to communities remote from regular educational facilities through extension, correspondence programs, and public service.

This graph shows growth of enrollments in higher education since 1969. It is significant to note that enrollments in the university sector are held constant by the State policy linking the enrollments at Colorado University-Boulder; Colorado State University; and the University of Northern Colorado. The enrollments at four-year colleges have continued to increase slightly. However, the two-year colleges have grown considerably since 1969. This is due in part to the increased demand for vocational education.

The vocational education program is comprised of the following elements:

The Colorado Vocational Act of 1970 provides funds to support secondary vocational education programs in local school districts.

The State provides support to area vocational schools which conduct post secondary vocational education programs in six local districts.

The State Board of Community Colleges and Occupational Education administers a group of special programs, including consumer homemaking, vocational guidance and development, pre-vocational career exploration, and regulation of proprietary schools.

Finally, the State maintains a system of State and local community colleges which provides a variety of post secondary level vocational education. Colleges such as Trinidad, Community College of Denver, and Lamar Community College generally serve the educational needs of their respective communities.

The program for education of the handicapped consists of two elements.

The Handicapped Education Act of 1972 provides funds to local school districts through the Department of Education to encourage the education of handicapped children in the regular classroom.

The Public School Foundation Act provides the basic costs for handicapped students.

These two elements provide educational services for nearly 70,000 handicapped students.

The State apportioned formula for the Foundation program is designed to:

- Reduce the difference in funds between districts;
- Reduce the burden of the property tax, and
- Reduce inequality of the taxpayer burden.

We recommend \$70.9 million for full funding of the Public School Finance Act of 1973.

The statewide mill levy of property tax support will be reduced from a rate of 52.69 mills in calendar 1973 to a rate of 37.70 in calendar 1974 - as a direct result of this action.

To carry out the mandate of H.B. 1164, an additional 7,000,000 dollars of State support is recommended, which will provide full funding of the Handicapped Children's Act. 56,000 students were served in 1972-73, and in fiscal 1974-75, it is anticipated 69,100 students will be served. Full implementation of this Act will be completed by July 1, 1975. Funding of this program increases the accessibility to the Public Education system for handicapped students, increases the competency of new and current teachers in special education, and provides special education programs which lead to teaching the handicapped individual in the regular classroom.

The Colorado Vocational Act of 1970, Senate Bill 78, provides for program support at the secondary level in the State. The impact of this Act continues to increase vocational offerings, producing increased enrollments beyond expectation. This program is increased by \$1.0 million to serve 3,000 new students. Total State support of this program in 1974-75 will be \$9.6 million.

During the 1973 session, the Colorado General Assembly approved six local district area vocational schools for State assistance.

These included the Emily Griffith, Boulder Valley, Larimer County, San Luis Valley, San Juan Basin, and the Delta-Montrose Area Vocational Schools.

This recommendation calls for an increase of \$1.0 million in fiscal 1974-75 in support of the 2,700 students expected to enroll.

The tuition recommendation takes into consideration the attraction of non-resident students to those schools where additional enrollment should be encouraged to fully utilize facilities. Tuition cash of \$9.6 million above the 1972-73 level would be generated with this proposal.

The recommendation for non-resident students proposes to increase tuition for the universities and to reduce the non-resident charge at Adams, Lamar, Otero, Morgan and Trinidad Community College.

The full description of this proposal can be found in the Governor's Budget, and we will welcome further discussion before the appropriate committee on this topic.

The recommendation to increase professional salaries in higher education represents a 4.7% average increase across the higher education system. Increases recommended for various institutions vary from 2% to 7%. This proposal is designed to reduce wide salary differences within sectors of higher education and to bring about parity among the institutions. The \$5.5 million required can be funded from efficiency savings in higher education operations.

The Governor is recommending a new program, Colorado Student Aid for Viet Nam Veterans. An increase of \$1.3 million is required to provide tuition assistance to veterans of the Viet Nam conflict who were residents of Colorado upon entrance into service and served during the period from August 5, 1964 to August 5, 1973.

The plan provides for assistance to qualifying veterans of up to 50% of the weighted average resident tuition for all institutions.

It is estimated that approximately 9,400 full and part-time veteran students in the State would be served by this program.

The 1972 Session of this Assembly established Mesa College as a State institution, operating under the Trustees of State Colleges. This legislation (Senate Bill 16) provided for the offering of a comprehensive educational program for the residents of the Grand Valley area of Colorado. The Budget recommendation supports the initial year of operation of Mesa College as a State institution.

To illustrate higher education capital construction requests, we are showing here three representative examples. At the Community College of Denver, \$9.8 million is recommended for capital construction costs for the first phase facilities for North Campus in Adams County. Included is the development of a proposed solar heating system. It is anticipated that savings generated through the lower operating cost of the solar heating system would pay for the cost of the system in ten years or less.

At the University of Colorado Boulder Campus, construction of the events and conference center, with a seating capacity for 13,000, is recommended at \$7.9 million. Of this amount, \$5.0 million is to be provided from Augmenting Revenue made available from the issuance of revenue bonds by the university. This is a multi-purpose facility which can be utilized for educational, artistic, and athletic events.

Capital construction in the amount of \$1.3 million is recommended for Southern Colorado State College of Pueblo. This provides for: moveable equipment for the Psychology/Classroom Building, and for the construction of the Music/Classroom Building.

This body has, in the past, recognized the need to provide educational programs beyond the high school for those citizens who live in areas that do not have college or university campuses. To continue and increase this effort, it is recommended that \$320,000 be funded to provide ten extension centers which would provide approximately 240 classes of ten students or less in the rural areas of

the State. This recommendation will improve the educational services to communities remote from higher education facilities.

The public service program provides special non-credit education and information programs to communities, business and industry. This recommendation provides \$180,000 of State support to institutions of higher education so that they may participate in the higher education consortium. Through the consortium, local communities have access to information resources in 23 participating institutions of higher education in Colorado. Also recommended is \$304,082 to provide centrally funded public service programs to be implemented by the institutions of higher education. This would include such activities as the proposed energy research institute at the Colorado School of Mines, and other activities of public concern.

This new investment of \$122.4 million is recommended for consideration and study. We are confident that this Budget proposal will serve to meet the diverse educational needs of all Coloradoans.

NATURAL RESOURCES
AND ENVIRONMENTAL CONSERVATION

The 1974-75 Budget proposes a \$35.2 million investment for the program of Natural Resources and Environment. This program, as you can see, is divided into Environmental Quality, Land and Water Management, Mineral Resource Management, and the Development of Recreational Opportunities.

The State is faced with some difficult statutory and budgetary decisions in this area, and we propose a new investment in this program of \$10.6 million. The Governor, in his speech to this Body on January 4, posed a series of questions on this subject.

"How much growth do we want?"

"Where do we want it?"

"Should we control it?"

Let there be no mistake that Colorado will grow in the 70's. It is anticipated that between 1970 and 1980 our State will add one million citizens in the front range alone, and that our citizens per capita income will rise nearly \$4,500 during this same period.

We will not only have more people in our State, but they will have the resources to make ever-increasing demands for recreational services. We must, as you can see, be prepared to reserve resources for the leisure time of our population.

Simply stated, we propose to accommodate growth and development while maintaining an acceptable life style for the citizens of Colorado. Pictured for you is the broad program system of delivery for fulfilling this mission. We need to identify and eliminate the pollution conditions which adversely affect Colorado. We do have a choice about the quality of the air we breathe. The Colorado Department of Health, through its Air and Water Pollution Control Division, is actively engaged in both monitoring and enforcing quality controls for the benefit of our citizenry.

We also must strengthen our ability to manage our limited land and water resources. The Governor is proposing the creation of a new Land Use agency to

coordinate the policy decisions with the Division of Planning and other land and water agencies affecting our State. We propose to intensify the conservation of our oil, gas and mineral resources through the Geological Survey and the Oil and Gas Conservation Commission.

Turning now to the specifics of the Governor's recommendation for Natural Resources and Environment.

The Budget proposes to increase technical assistance for local land use planning by increasing the Division of Local Planning and Assistance in the Department of Local Affairs by the addition of personnel and \$150,000. This increased staff will serve to support the new land use agency. This agency, when created and funded at a cost of \$45,000, will review the impact of both private and public decision upon the environment, and land use, such as, the location of new towns, the development of oil shale production, the location of power plants and many other areas of public concern. This new staff will also provide the much needed technical assistance to local planning groups around the State to facilitate the decision-making process at the local level. The Budget also proposes, in cooperation with the USGS, to map the State, County by County, during the next four years at an annual cost of \$219,000 and to photograph the State from high altitude. The maps and photographs that will result from this project are much needed by both State and local planners, if we are to adequately prepare for the future.

We propose in the Department of Health to improve the capability of this Department to monitor and evaluate the quality for our air in the broad categories of hydro-carbon and carbon-monoxide, motor vehicle emissions, indirect sources of air pollution and to expand the urban monitoring system to Colorado Springs. These improvements will require a new investment of \$470,000, and are a necessary tool if we are to understand the effects of growth upon the quality of the air we breathe. The Department of Health also has the responsibility of planning and monitoring the

quality of our water. The Budget proposes to complete the river basin plans for our State at a cost of \$380,000. We also need to expand and sophisticate our water monitoring through the addition of personnel and modern electronic sensing equipment.

The funding of the 13 Planning and Management Regions will require an additional \$2.6 million. These funds would provide \$200,000 for each Planning and Management Region. This program is designed to foster communication, coordination and agreement on priorities at local, regional and State levels so that eventually these regional plans can be integrated into a comprehensive State plan.

Finally, turning to the matter of recreational and wildlife preservation, the Budget proposes the acquisition of additional lands for the public use and enjoyment. This amounts to \$2.6 million and will add approximately 1,480 acres to the public preserve. The areas of highest priority are those that are easily accessible from the urban areas. To improve the management and habitat of the State's wildlife resources, the Budget proposes to acquire additional land and water areas for their protection at a cost of \$2.0 million and to add additional professional and support staff.

The Budget proposal, through the investment of \$10.6 million of new funds, will, we believe, promote the necessary programming to foster better environmental use and provide the technical assistance to plan for our future.

DOYLE LETBETTER will now present the programs of Public Protection; General Government; Business, Community and Consumer Affairs; and Public Ways.

Mr. Letbetter.

GENERAL GOVERNMENT

The budget in the area of General Government does not command the focus of attention equal to some of the other areas of the total budget. The highly visible, glamorous, if you will, policy issues are just not here. However, this is not to say that the \$62.2 million effort is undeserving of scrutiny; for the "system" of General Government provides the core of services by which many people identify the character of their government. This system includes the Chief Executive who is duly elected and the supreme representative of the people; you, the Legislature, the voice of your constituency in the formulation of public policy; revenue and tax services with which every citizen has some contact; government agency services which provide the other line departments with support activities; and personnel services which sift the manpower that makes it all work.

The Executive consists of the Office of the Governor, which assures overall coordination of agency operations and program management for each element of the Executive Branch; the Executive Residence, which is concerned with the operation and maintenance of the mansion and grounds donated by the Boettcher Foundation; and the Lieutenant Governor, who is charged with maintaining gubernatorial authority in the temporary absence of the Governor. The mansion and Lieutenant Governor are budgeted at existing levels of service. The Office of the Governor is budgeted to provide for increased accessibility to the Chief Executive. Specifically, provisions are made for a citizen, State relations officer to entertain any citizen's complaint and to facilitate the expeditious response of State agencies to the needs of the citizens. The addition of a Federal/State relations officer will assure coordination of Federal programs with State and local governments in order to foster inter-governmental cooperation toward State and regional preferences.

There are three new items of a special nature which are recommended for funding to the Governor's Office: (1) A new energy contingency fund of \$125,000 to

permit the Governor to meet particularly acute difficulties arising from the energy shortage; (2) funding for "clean" energy studies in the amount of \$50,000 to explore the potentials of harnessing clean energy sources such as solar, wind and geothermal; (3) and thirdly, a capitol complex direction effort of \$140,000 to guide the projects for long-range space needs of the capitol complex State agencies.

In the area of government agency services, we have seven endeavors where service is directed toward helping the other agencies of government. The Division of Public Works performs the housekeeping chores and provides professional technical expertise in the area of capital construction. Controlled maintenance of \$875,000, the second of a three-year thrust, will prevent even larger expenditures in the capital construction area. After the third year at this level, the controlled maintenance expenditures should level off at a quarter of a million dollars per year.

The Purchasing Division has recently been studied with an assessment of the basic need for centralized purchasing services. This study is yet to be completed, but information to date indicates potential savings with centralizing management direction and decentralizing the purchasing/buying capability. Although the budget provides for the same levels of service, this is an instance where budgeting assists the character of service delivery.

Continuing levels of service are budgeted for financial control and financial systems. The accounting and reporting standards are currently being reviewed and evaluated in terms of user agency accounting requirements and management information needs.

The Division of Communications as a service agency provides the communications systems and facilities to include services for voice and data communications, audio repeater functions in VHF mobile communications, and the statewide microwave radio capability. Modifications to the State microwave system are recommended at

\$183,500. The present northern leg of the system bypasses Fort Collins, one of the largest cities in Colorado, and the county seat of Larimer County. Colorado State University, and elements of the State Patrol, Department of Revenue, and the northeast regional headquarters of the Division of Wildlife are located there. The modifications recommended would allow all of these facilities to interconnect into the system.

The Colorado Council on Emergency Medical Services has made formal application to the Robert Wood Johnson Foundation for a grant of \$346,000 to develop portions of a statewide emergency medical services communications network. The basic concept is link and coordinate medical personnel and facilities throughout the State, in both urban and rural areas. These are private moneys for radio and telephone equipment for emergency medical dispatch centers and ambulances, for modifications to existing communications systems for equipment maintenance, and for further development for EMS concepts within the State.

The area of ADP services has commanded your attention all too frequently in the past. The Legislative Act of 1968, created a Division of ADP with authority for planning, control, and coordination of data processing activities supporting State agencies. In order to achieve maximum benefits from statewide ADP, this administration believes that appropriate control must be based on perceptive planning and sensitive coordination of agency ADP operations.

Therefore, renewed emphasis has been placed on the planning and coordination of ADP activities in the future. All affected agencies have been asked to participate in working committees to improve ADP services in State Government. In particular, the budget for the Division of ADP will facilitate consideration of decentralization of systems development and programming for major agencies using the central ADP computer; issuance of new guidelines for approval of agency plans

and procedures; encouragement of interagency sharing of ADP resources and applications; performance evaluations of ADP installations and systems; and the provision of educational seminars and training programs for lay management.

A preliminary publication of objectives and policies for a revised ADP master plan in the State of Colorado was released with limited distribution this past December. The document was formulated after a series of interviews with all State agencies concerning data needs of State Government.

Specific recommendations reflect the data requirements of individual agencies and include a proposal to establish several functional computer centers. Consolidation of ADP resources into functional centers, exclusive of Higher Education, will provide common data bases necessary for statewide planning, management decisions, evaluation, and interagency data needs. Further coordination is needed with State agencies to establish common data needs, center management policies, implementation schedules, and cost estimates necessary to complete the plan. A draft of a comprehensive statewide ADP plan with cost analysis will be before you, before this session recesses.

New policy directions are being implemented in the Division of Archives. Technical expertise in records management is being disseminated to the various agencies in order to facilitate proper review for potential disposal prior to receipt by Archives.

In concert with the Governor's commitment that "State Government must learn to act, and not just react" resources are recommended for a new Office of Budget and Governmental Planning.

This new Office is designed to identify the long-range needs of the people of the State of Colorado and to maximize the utilization of resources in meeting those needs. It will provide the Governor the planning capability required to establish action priorities consistent with the desires of the people, and budget

and control capability necessary to ensure the successful and efficient delivery of desired programs. This Office is the focal point in coordinating overall policy and direction relating to planning, programming and budgeting efforts of the Executive Branch of Government.

More specifically, the new Division of Governmental Planning will provide, for the first time, the capability to coordinate the diversified planning activities of the various departments to produce long-range plans for the State activities encompassing all programs supported by the State Government. It will facilitate the evaluation of individual existing or proposed programs in terms of broad objectives and established priorities to ensure the use of limited resources for the greatest benefit to the public good.

The recommended funding level of \$390,000 will enable work to begin in three major areas:

Prepare and periodically update a statement of long-range objectives of State Government; coordinate planning activities of the various departments of State Government and publish long-range plans for the achievement of State objectives; and develop and implement mathematical modeling techniques to support the planning efforts of State Government.

Revenue and tax services in State Government affect almost every citizen. While all citizens do not draw upon government services in other areas, the majority of families do have needs for registering and titling their automobile, having it inspected, obtaining their drivers' licenses, paying their taxes, and expecting equity in the administration of other tax laws.

The system is composed of the unified tax collection, investment, and enforcement activities (primarily the Department of Revenue and State Treasurer) which are concerned with the administration of laws relating to taxation and en-

forcement, liquor licensing and enforcement, ports of entry, inheritance and gift taxes, the safety and control of motor vehicles, and the classification/education of drivers. These functions involve coordinating and cooperating with local, State, and Federal agencies on related tax administration, collection, and tax distribution. The budget provides for a major thrust in the office and field audit activities in order to achieve a satisfactory percentage of audited documents. The additional resources of \$143,000 will allow a doubling of assessments on out-of-state audits, and a systematic program of regular interval auditing on larger accounts.

Other revenue services will be expanded in order to deliver more timely and effective attention to public needs. Increased driver examining support of some \$120,000 is recommended for Boulder, Colorado Springs, Loveland, Fort Collins, Arvada, Littleton, Commerce City, and the Delta-Montrose and Evergreen-Idaho Springs areas.

There are inordinate backlogs for hearings on driving licenses and privileges concerning point suspensions, implied consent actions, and cancellation and denial actions. In some instances, a delay of four to six months is being experienced in removing errant drivers from the highways. In order to alleviate a hearing backlog of some 7,800 unscheduled cases, eight hearing officer trainees with support staff are recommended, at a cost of \$123,000.

In the area of port control, the trend in truck traffic is toward larger trucks, carrying heavier loads. Truck traffic has increased 31.6% during the last three fiscal years. Correspondingly, for the same period, trucks cleared and port collections have been 31.1% and 54.5% respectively. In order to meet these trends and fully staff relocated and expanded installations, eight port-of-entry officers are recommended at \$74,000, and construction and major improvements are budgeted at \$250,000 for port-of-entry facilities at Sterling, Lamar, Monument, Platteville, Brush and Stoneham.

In the area of Personnel Services, the thrust is to improve those procedures attendant to proper recruiting, selection, classification, and retention of qualified individuals within Colorado State Government. A major impact to the personnel system has been brought about due to the Attorney General's ruling this past December, which brought approximately 5,500 non-academic personnel in the University of Colorado system into the auspices of the State classified service. This represents approximately 30% increase to the system.

Consistent with Federal legislation, this budget contains \$30,000 for staffing an equal employment opportunity section in order to assure that ethnic minorities and women do not suffer disparate treatment in their attempt to fully participate in State employment.

A tuition reimbursement program of \$100,000 is recommended to fund a state-wide tuition assistance program which will partially reimburse certified State employees who successfully complete approved off duty courses at educational institutions, where such courses enhance other types of training provided by the State, improve job performance, and increase career opportunities.

In summary, the General Government area is primarily concerned with services and activities in support of the other operating departments and agencies. The total effort is dedicated to improving the management and organization of State Government in order to facilitate responsiveness to citizen needs.

PUBLIC WAYS

A balanced and efficiently functioning system of transportation and highway safety is essential to the public welfare. The Division of Highways provides integrated research, planning, engineering and maintenance of statewide highway systems consisting of some 9,360 roadway miles.

Approximately \$2.4 million are budgeted for continuing improvements in County, State, and Interstate highways.

A highway system certainly does not come without attendant traffic problems.

Early in 1973, the Colorado State Patrol developed the "SPEAR" (Selected Preventive Enforcement Action Response) program which has been successful in helping to identify the primary traffic problems and focusing the entire organization toward solving these problems.

The additional Patrolmen provided in the past years have enabled the Patrol to increase highway coverage and the number of vehicles and drivers contacted.

Statistics reveal that significant increases in radar and vascar speed enforcement have been achieved in the past year. Radar enforcement of speed violations has resulted in an increase of 465% in summons tickets and 417% in penalty tickets.

Accident response time has been reduced from an average of 26 minutes to an average of 20 minutes. Much of this decrease can be attributed to the addition of 25 Patrolmen which permitted extended coverage on a 24-hour basis. In the case of an injury accident, the reduction of response time and the delivery of prompt paramedical services is often crucial in saving life.

The Budget for this request year includes \$287,000 for continued thrust in this area. The funding will permit the addition of 19 new Patrolmen for increased highway coverage and 6 new Sergeants to allow a more realistic span of control in the larger districts of the State. Improved fleet replacement is supported at \$144,000 to allow a unit with 80,000 miles to be retired.

Communication services will be substantially enhanced in the Cortez area with the manning of the dispatch station on a 24-hour basis under Patrol auspices.

Emphasis has also been placed on apprehending drinking drivers. Increased driver contacts have resulted in a 129% increase in arrests for driving while intoxicated.

The Patrol increased the number of vehicle safety checks by 126%.

The Patrol is cooperating with the Colorado Safety Association and the Coordinator of Highway Safety to establish safety advisory groups in selected communities throughout the State.

The Coordinator of Highway Safety has established and sustains effective statewide traffic safety programs. Highway Safety program priorities for the next three to five-year period include alcohol counter measures, traffic safety education and emergency medical services. These programs are designed to reduce the rate of accidents which inflict large losses in human and economic terms. With miles traveled in Colorado approaching 16 billion per year, the death rate and the number of deaths varying between 600 - 700 per year, it is significant to see the rate of deaths continuing to decline and approaching less than four deaths per every 100 million miles traveled.

Prior to the Highway Safety Act, the death rate was almost an average of six deaths per every 100 million miles traveled and higher than the national average. Colorado's recent experience is beginning to trend significantly better than the national average.

These traffic safety efforts mean more Coloradoans are alive, well, and contributing to society today.

BUSINESS, COMMUNITY, AND CONSUMER AFFAIRS

The budget in the area of Business, Community and Consumer Affairs is directed to support five main categorical efforts; (1) the Regulation of Business and Professions, (2) Resource Development, (3) Individual Protection, (4) Consumer Protection, and (5) Community Services.

The administration and regulation of Professions and Business is supported at continuing budgetary levels in order to insure standards which provide the highest level of service to the public. This is achieved through examination, licensing, and certification for professional or occupational competency by some 30 boards and commissions. Areas of concern are those relating to financial affairs, medical affairs, business and consumer affairs, and professions and trades.

Resource Development is concerned with the the economic growth of Colorado through the development, production and marketing of agricultural and livestock products.

The Department of Agriculture seeks to improve the science and art of agricultural and animal products through industry coordination and exposition; the reduction of loss by infestations, disease, and theft; improved methods of grading, handling, and storage of products; and providing wholesome and attractive products which create consumer demand.

Individual protection is primarily concerned that the individual has the basic right to work in an occupation and environment which is free from injury and unhealthy conditions. It also provides protection from loss of income due to accident or illness.

The budget provides for continuing levels of support for the activities of the Division of Labor which contribute to individual protection through administering and enforcing statutes designed to assist labor in obtaining proper compensation, preventing exploitation of women and children, and enforcing reasonable safety

standards for the welfare of employees at places of employment.

In the area of consumer protection, the Department of Agriculture is responsible for the regulation, control, and promotion of the State's agricultural industry. Consumer Protection programs constitute the major portion of the Department's activities, with services provided to producers, processors, distributors, and consumers. Functions include the regulation of sources of supply, promotion of products and related data collection and analysis, inspection, licensing, and educational programs.

Capital construction resources of \$974,000 are budgeted in order to construct a two-story bio-chemical laboratory. This will consolidate the laboratory functions of the Division of Inspection, the Brucellosis Laboratory, and the Dairy Laboratory of the Division of Animals.

The area of community services embraces those activities designed to provide support and technical assistance to local communities and governmental entities.

Responsibility for basic research related to problems of local government lies within the Division of Local Government, Department of Local Affairs. Upon request, it assists local officials in identifying and solving problems of finance, taxation, purchasing, and administration. Significant increases in technical support to local government is provided by the addition of personnel experienced in the fields of local government budgeting, administration, and management. A \$250,000 water and sewer fund will permit the Division of Local Government to make grants in those instances where local water or sewer systems have been condemned or rendered inoperative by natural disaster. In addition, a \$250,000 technical assistance fund is provided to assist in the development of administrative and organizational procedures to implement adopted plans of the 13 planning and management regions.

The Division of Commerce and Development, promotes the economic development of rural and lesser-populated areas of Colorado which desire such development, as well as neighborhoods with high chronic development. This is accomplished by travel promotion, and aiding and assisting industrial and commercial developments within these areas. Additional resources are provided to permit this Division to direct its tourism advertising activities so as to minimize the impact of the gasoline shortage on this important sector of Colorado's economy. Our tourist industry has already felt the energy crunch. We are requesting moneys in our budget to cope with the preservation of this vital industry. This will be done by encouraging Colorado residents to utilize in-state tourist locations for their vacations, and to organize and package tours for non-residents in connection with local and regional groups to direct visitations into their specified areas. The establishment of a toll-free telephone line would provide an immediate communication channel to provide accurate information on seasonal activities, reports on current weather conditions, and reports on any gasoline shortages which may receive publicity but which may affect only one section of Colorado. \$270,000 is provided for this effort.

The Division of Housing assists in all aspects of local, private, and public lower-cost housing planning and program development. It also makes State grants and provides technical assistance to local, public, and private non-profit sponsors of needed housing rehabilitation and construction in rural areas. The grant program, to assist in the construction or rehabilitation of modest housing in rural areas, is continued in the amount of \$250,000.

To insure that all taxable property in the State is assessed uniformly in compliance with constitutional and statutory mandates, the Division of Property Taxation, determines exemptions, assesses public utilities, and makes reappraisals to guarantee local assessment equalization. In achieving the highest degree of local

assessment equalization possible, increases of \$28,000 are provided this Division to permit the equalization team to conduct a maximum number of appraisal ratio studies in those counties where the sales ratio indicators are most divergent from the statutory level of assessment.

The budget recognizes that the official National Bi-Centennial activities begin on March 1, 1975, this fiscal year's budget, and that the State of Colorado is the only state celebrating our centennial concurrent with our national anniversary. In order to prepare for a meaningful and useful commemoration, resources are recommended for a complete functional reorganization reflecting the ceiling of administrative effort required for this celebration. These additional resources of \$294,000 will facilitate maximum citizen participation in the molding of local community programs with lasting tangible effects.

PUBLIC PROTECTION

The last item of this budgetary presentation concerns the area of Public Protection.

The Department of Military Affairs continues to change from solely military and defense oriented programs to public emergency service operations. The major program emphasis is to provide maximum assistance to political subdivisions of the State of Colorado through the implementation and administration of the Colorado Disaster Emergency Act of 1973.

Military coordination functions through the military structure of the Colorado Army National Guard, and the Colorado Air National Guard whose charges are to provide the leadership, facilities and training necessary to maintain the National Guard in a state of readiness to respond to national or State emergencies.

HIGHLIGHTS

Increased Guard enlistment incentive of \$10,000 provides \$2.50 per man on a Guard strength of 4,000. This is used for awards, trophies, and family day programs for the Guardsmen.

Disaster Emergency services are combined, coordinated, and supervised by the Division of Emergency Services which provides air/ground rescue, emergency medical services, and the administration of the flood disaster fund.

The Budget contains \$29,700 to accelerate the implementation of the "Colorado Disaster Emergency Act of 1972," and administering the Disaster Emergency Fund under the policies and guidelines established by the Governor's Disaster Emergency Council.

The Act provides the capability of the Adjutant General to deliver an immediate response to any community experiencing a disaster emergency situation. Such response would consist of technical expertise, manpower, support, or direct funding relief.

The Disaster Emergency Council met at the call of the Governor on November 12, 1973, to consider the impact of the 1973 Act and recommend actions

to implement the provisions thereof. The Council has recommended that a supplemental appropriation request be prepared and submitted to provide funding to prepare plans and support services necessary and to establish funding of \$750,000 for the Disaster Emergency Fund.

Capital Construction improvements of \$58,875 are recommended for site improvements at Armory and at Camp George West.