

Robert Frederick Bennett

MESSAGE OF GOVERNOR ROBERT F. BENNETT TO THE KANSAS LEGISLATURE PART II

January 24, 1977

Mr. Speaker, Mr. President, members of the Senate and the House of Representatives of the State of Kansas:

One week ago, I delivered for your consideration my message on the state of the state, together with my legislative recommendations. Today, I am submitting for your careful examination and approval my observations on the current and projected financial condition of our state government and my recommendations for appropriations which will allow this government to continue to serve the people of Kansas with understanding and compassion, yet with the fiscal responsibility that is always necessary when a government must, as ours has, should and will, fit its spending within and not beyond the capacity of its current projected public purse.

I, as chief executive, and you, as legislators, are the stewards of that public purse. As such, we are charged not only with the effective and compassionate use of its contents to address the needs of the people, but also with the need to reasonably and responsibly determine its size and live within and not beyond that determination. It is this message of the responsibilities of public stewardship which I have presented to this Legislature on two previous occasions and it is this message which I bring to you today.

Responsible stewardship -- fiscal responsibility if you will -- requires that we live within and not beyond our governmental means, not only today, but also tomorrow, and in the tomorrows which thereafter follow. Responsible stewardship requires that we conduct the business of government in an efficient and effective manner. Two years ago I commenced a war on waste and a search for thrift which has continued to this day. It will continue as an ongoing challenge of this administration. I have implemented programs and procedures for the analysis of and the elimination of unnecessary and unjustified governmental expenditures so that dollars thus saved could be used more effectively for the programs which are needed in our state.

During the last two years, we have proceeded with executive reorganization and, with the help and assistance of the cabinet secretaries, have embarked upon intra-departmental reorganization which has made it possible to eliminate unnecessary and unjustified positions. The dollars saved have thus been made available for the staffing and support of programs which must and should be continued and for the embarkation on some new programs that were badly needed. On a daily basis attention has been applied to such details as memberships, subscriptions, out-of-state travel and other administrative costs to find and save dollars which may be more effectively used. This quest for thrift will continue so that with the dollars conserved we can address the needs of our state without increasing the general tax burdens of its people.

The steps thus far taken in providing for the effective use of available dollars make it possible for me to submit to you today a budget that is fiscally responsible, and yet a budget which addresses the needs of the state and provides a basis for their solution.

Responsible stewardship requires that we prioritize our expenditures. Having passed through three budget periods, I know full well that the demands, both public and private, on the public purse are without limit. To meet them all is far beyond the fiscal capabilities of our state and its people. This means that a responsible government must quite frequently say "no" when "yes" would be of greater political advantage. It means that the various demands against state funds must be carefully analyzed, their appropriate costs ascertained, and their position in the priority of needs and spending determined. Based upon that determination, they either can be placed within the public purse, postponed until funding is available, or rejected as a luxury or a "nice to have" which cannot be justified in light of the greater needs of a higher priority in other areas.

Responsible stewardship requires that we maintain adequate funds for the operation of government. It requires that we carefully assess our daily needs in any budget ultimately adopted and assure that the funds are on deposit to promptly discharge our appropriate obligations. Such a stewardship also requires the maintenance of adequate reserves to protect against unforeseen contingencies which might jeopardize the solvent position of this state and mandate the imposition of new taxes -- an imposition which could have been maintained and reasonable revenues projected. The most irresponsible act of government is to embark upon a program of spending funded solely from balances and reserves and without a reasonable and legitimate expectation that the program can continue to be sustained through the projected growth in revenue in the years which follow.

The budgets which I have submitted for legislative consideration in the past, and the budget which I submit to you today, have been developed with this philosophy of stewardship firmly in mind. Through a gradual but limited reduction of our balances, we have been and will be able to address the needs of our state on a current basis, to provide adequate funds to pay our bills on time, to maintain adequate reserves to protect against unknown contingencies and to plan for a date in fiscal year 1980, when our receipts will be near equal to our expenditures and our annual revenues will clearly determine our annual spending.

To authorize spending beyond these limits and to reduce our balances below the minimum level recommended in this budget jeopardizes the stability and solvency of our state and may become the harbinger for otherwise needless general tax increase.

Responsible stewardship requires that we do not make commitments today that will have to be funded by others in the future.

Responsible stewardship requires that only when clear and pressing needs exceed our available resources do we attempt to expand those resources. Even then, we must structure that expansion in a carefully calculated fashion so that its burden falls equitably upon the people and their enterprises.

Responsible stewardship does not foreclose the duty of recommending tax increase where the needs exist and where the resources of the state are insufficient to meet those needs. Such an obligation is not responsibly exercised, however, when the spending is commenced before the funding is provided, nor is that responsibility appropriately discharged when the burden of taxes is high and a general tax increase can be avoided.

The budget recommendations which I am delivering to you today are in keeping with these philosophies of responsible stewardship. If approved, the state's financial condition will remain stable and solvent. A general tax increase can be avoided for the 12th consecutive year in our state. More important, if these recommendations are approved, barring unforeseen occurrences which mandate spending beyond the reasonable reserves which we have maintained, we can avoid general tax increase in the foreseeable future.

THE BUDGET PROCESS

In my message to the 1976 legislative session, I set forth in some detail my philosophy of budgeting and the process which a chief executive goes through in attempting to develop his budget recommendations. Without repeating the comments made then, yet recommending them for your consideration, I can tell you there is no more important process of government than the preparation and the ultimate adoption of the budget. For one year, it is effectively the constitution for spending. It determines the programs that are needed, and supports them. It rejects the programs that are unneeded or can be postponed. It fixes the limits of government and the extent to which that government addresses the needs of the state and its people.

Although its operation is for but a 12-month period, its effect has a material bearing on the future of the people of this state and on the tax burdens which they must either now or hereafter bear. For this reason, there is no more important document to be acted upon by this Legislature than the budget. Its responsible implementation demands the individual involvement and understanding of each legislative member, for each of you will be responsible to your constituencies, both now and in the future, for what that budget ultimately contains.

A budget in government is little different from a budget at home. You must determine your needs and your desires. You must determine your probable income. If your desired spending exceeds that probable income, then an adjustment must be made. You must decide whether there are some things with which you can do without, or things you can postpone. You may look to your savings to see whether or not a sufficient sum of money is available to provide for a special expenditure without adversely affecting your ability to either pay your bills on time or to respond to some unforeseen emergency. It is a painful process when those of us with limited income must say "no" to ourselves more often than we say "yes."

A budget for the operation of state government is different only in one particular. We as individuals, given a specific and pressing need or a desire of high priority, may borrow funds to meet that need or answer that desire, realizing that some day in the future we will earn the money necessary to pay off the debt. State government has no such opportunity. When its needs, wants and desires exceed its current and expected revenue, the alternative is either to reduce spending or to increase taxes.

During the last four and one-half months, I have passed through this painful but necessary budget process -- a process which you are about to commence.

Before the budget process started, I issued a directive to all state agencies of the executive branch. In that directive I said:

Your budget should be prepared from a zero base. Each item of expenditure in each category should be reviewed to see which items are nonrecurring and which items can be eliminated or reduced. Only to this adjusted figure of current expenditures should there be applied any expected inflation factor. Each program should be re-analyzed not only on the basis of its cost but also on the basis of its necessity. It should not be presupposed that because it exists it must be continued, or because it exists it must be expanded. Even the presence of a legislative mandate should not be used as the sole rationale for continuing or expanding a current program, since both the agency and this office are free to recommend legislative change. Likewise, the availability of federal funds for the continuance, expansion or implementation of a program should not constitute the impelling rationale for such action. Federal mandates should not be used as the base for the justification of expenditures unless they are clear and unequivocal and only then when cited and supported by documentation. It should not be pre-supposed that the use of the phrase "zero base budgeting" is for political eye wash. It is an essential tool which each agency is directed to apply in an effort to control the costs of government.

As an essential ingredient in the analysis of the many programs administered by this state and as a tool to determine priorities for the expenditures of limited revenue I am directing that each agency place renewed emphasis on the development of recommended short-term and long-range goals for each program which it administers. In the narrative of the budget to be submitted the agency should state with as great a specificity as possible what the recommended and ascertainable goals for a program to be administered in fiscal year 1978 should be and also what the long-range goals of that program might be, including cost benefits, if any. If the program has been carried on for a period of time the agency should also state what the past goals have been and to what extent they have been accomplished. If a program is seen to have a termination date the expected termination date should likewise be specified. If there are other options to the accomplishment of the projected goals of a program, those options should be listed. In our efforts to prioritize and order our expenditures I cannot emphasize too strongly the necessity for each agency and each program to be goal oriented.

I then reviewed the budget requests of the various agencies and departments, and listened to the comments in support of their proposals. I traveled the state in an effort to determine the priorities of the people and in what areas they wanted their tax dollars directed. I examined the estimates of our current and projected revenues and attempted to responsibly forecast what the growth of those revenues may be during this and the next succeeding four fiscal years. I examined in detail the balances now on hand, the monthly demands which must be met from those balances and the possible contingencies which merit the maintenance of a reasonable reserve.

It did not require an accelerated course in new math to quickly determine that the proposals and demands submitted both by agencies and by special and public interest groups exceeded our

current and projected resources. Their full approval was beyond the capabilities of this state without general tax increase.

At this point, the cutting and fitting, cutting and fitting, cutting and fitting began to occur -- just as it occurs in the preparation of budgets on our farms, in our businesses and in our homes. I have said on frequent occasions that it is a painful process -- and those who live by the family budget know full well how true this is -- for it is the time when you come to the full realization that all of your wants and perhaps even a few of your needs cannot be fully met.

Nevertheless, it is a process which must occur if our stewardship of the public purse is to be responsible and if future generations are to be the beneficiaries rather than the debtors of our services.

As a result of the application of my philosophy fo budgeting, I am presenting to you today a budget which can be funded and a program of state operations that can be supported both now and in the foreseeable future without a general tax increase. My budget recommendations for the overall of a modest 2.9 per cent, and an increase in the total general fund obligations of the state of approximately 3.3 per cent. In an effort to reasonably reduce our invasion of the balances the reduction in the growth rate of spending has been dramatically curtailed when compared to previous years. In fiscal year 1980 our committed expenditures will be roughly equal to our projected receipts and our balances will be maintained at a level appropriate to assure the prompt payment of our commitments and the ready availability of a limited reserve to meet unforeseen occurrences. If this program of revenue, expenditures and reasonable balances is maintained, the state will be solvent in its fiscal condition yet responsibly compassionate in its programs and fully capable of providing enrichment where needed within and not beyond the resources projected to be available.

Even though the growth in state spending has been substantially limited, my budget recommendations nevertheless contain enrichment in a number of legitimate areas of concern. The budget which I am presenting contains options for flexibility to preserve our solvent condition, without general tax increase if revenue projections are overstated or if our mandated expenditures exceed our current anticipations. Faithful discharge of our responsibilities of stewardship demands that this flexibility be maintained.

THE LEGISLATIVE BUDGET PROCESS

I have shared with you the tortuous and rarely enjoyable path that a chief executive must follow in the preparation of his budget recommendations -- tortuous and rarely enjoyable because so frequently there is both greater personal and political pleasure in spending than there is conserving, for like others in government a governor is more frequently praised and less frequently condemned when he responds affirmatively to every request for spending so long as he can ignore either present or future responsibilities for funding.

I have outlined the steps which a chief executive must take in development of his budget recommendations and in the proper stewardship of the public purse. The key to both his first and his final decisions are three determinations:

Simple Table

1. A determination of the estimated receipts of revenue to the general fund for the current fiscal year and for the budgeted fiscal year.
2. A reasonable determination, by projection, of receipts to the general fund for the next three fiscal years.
3. The minimum ending balance in the current year, the budgeted year and the next three succeeding years which he believes to be necessary to assure that the state's obligations are timely met and that the state's reserves are reasonably maintained to protect against unforeseen demands and contingencies.

Only after these three decisions have been made can a determination be made as to the dollars available for the operation of state government. Those dollars, thus determined, then become the maximum limits of the public purse. It is within those total dollars that the budget must be prepared, that priorities must be set and that programs must be approved, postponed or rejected.

In other words, in the preparation of a budget, expenditures cannot be considered and approved piecemeal nor can they be considered in isolation from the other needs of the state or the total ability of the state to respond to all of those needs.

It is through this process that I have just passed. It is through this process that you are just commencing to travel.

Before you begin your budgetary sojourn I urge you collectively, by concurrent resolution, to make, in advance of your separate and sequential approval of appropriations and revenue measures, these same conscious decisions that I had to make before I was able to arrive at even tentative approval of a single spending request.

If you know the total limits of your public purse before you commence to spend its contents, your priorities on spending may be more difficult, but they will be perceptibly more responsible and the dangers of overspending will be materially reduced.

The results of my decision in following this course are clearly set forth on pages 12a through 16a of the budget highlights. If you agree with them, then adopt them as the limits of the purse for which you are now stewards. If you disagree with them, then modify them and set your own reasonable and sensible limits of that purse. Regardless of which course you elect to take, it is absolutely essential that you agree upon and project your revenues, that you agree upon and project your minimum balances and that you thereby determine the contents which are within and not beyond your purse and are thus subject to appropriation.

In government it is not what you think you need that should determine the level of spending, for without reference to resources our needs would be without limit. It is what you can responsibly fund that sets the constraints for spending and it is this which must be first determined.

Once the maximum responsible level of spending is fixed you can consider the individual items of spending you believe to be appropriate. If in your consideration you find that your level of spending is not needed, a reduction in resources can be justified. On the other hand, if you find that the needs of this state legitimately and of pressing necessity exceed the level of spending which you have determined, then you must responsibly direct your attention to increasing the revenues necessary to respond to those needs.

I have done it. The product is before you. I urge you to do it also.

Let us now turn our attention to the budget recommendations which I am submitting for your consideration. As in the case of my legislative message, my comments to you this morning will attempt only to summarize a few of my major recommendations, leaving to your thoughtful consideration the details of various recommendations included in the budget documents to be delivered to you at the conclusion of this message.

AGRICULTURE

In my legislative message, I reviewed with you some of the things we have accomplished in the last two years in addressing the problems of agriculture. Several programs are recommended for your consideration to assure that the needs of agriculture will continue to receive careful attention.

Serious problems are arising with water use along the Arkansas River. To prevent conflicts between ground and surface water users along the river and to assure that holders of water rights receive fair consideration, I am recommending that \$50,000 be appropriated to begin a study along the Arkansas River. This study, developed in conjunction with the U. S. Geological Survey, will determine the relationship of water flows to diversions of groundwater by means of wells adjacent to the river.

I am recommending funds to allow the Division of Water Resources of the Department of Agriculture to reduce its backlog in processing applications for rights, to continue the weather modification studies presently being performed by the Water Resources Board, to continue the program of state aid for watershed construction first started by the 1976 Legislature, and to continue the state support for rural water districts.

Provisions have been made for expanding the budget of the Board of Agriculture in connection with implementation of the 1976 Pesticide Act. In the budget for Kansas State University I have provided \$239,011 for educational programs in pesticide use and for the development of an integrated pest management system.

Additional funding is recommended at Kansas State University for a special research project to develop technology for using Kansas resources to help alleviate the energy shortage. The research will focus on five energy areas, including direct firing of wheat straw and other residues with mixtures of gas; conversion of wind to heat, electricity or hydrogen; gasification of coal and agricultural waste mixtures; coal liquification; and solar energy. A project at the University of

Kansas to study the chemical quality of irrigation water a mobile waste testing laboratory and research investigations into potential benefits or hazards resulting from the changes in the chemical content of high plains groundwater.

There are a few of the programs I am recommending which are of district benefit to this important segment of our economy. Others have been referred to in my legislative message and are described in the budget document.

CONFLICTS OF INTEREST AND ELECTION FINANCE

I made recommendations in my legislative message for improvements in our conflict of interest and election laws. Even without these changes, if the Governmental Ethics Commission is to effectively carry out its responsibility under the Campaign Finance Act and laws dealing with the ethical conduct of state officers and employees and the regulation of lobbyists, additional support must be provided. The budget I am recommending represents a 35 per cent increase in support of the Commission and adds two additional staff members, plus the services of a part-time attorney and provision for seasonal help. My recommendations will allow the Commission to more effectively discharge its audit function by broadening its sample of reports and returns examined, thereby encouraging compliance. This improved staffing practice, together with the availability of penalties for late filing, should make our state requirements more effective and the contents of the reports filed with the Commission more meaningful to the general public.

CRIMINAL ADMINISTRATION

During the past few years numerous initiatives have been taken in the Department of Corrections and the correctional institutions. Probation and parole activities, formerly the responsibility of the Kansas Adult Authority, now are the responsibility of the Department of Corrections. Through expansion of the probation and parole staff, more offenders can be supervised in a community setting, thus requiring less time in an institution with attendant cost savings. Probation and parole is beneficial as an aid to integrating the inmate back into the community and in keeping institutional populations manageable. We are continuing to expand our capabilities in this area.

In my legislative message, I addressed further initiatives which will allow us to move forward with our reform of the correctional system. I called for legislation providing mandatory pre-sentence investigation in all felony cases. I believe such legislation may reduce the number of persons confined in our penal institutions by identifying those who may be treated and rehabilitated in community-operated programs.

I intend to continue exploring ways to assist in the offering of community-based programs for felons who offer the best opportunity for rehabilitation without incarceration. However, our support of existing community programs and our quest for new alternatives should not dissuade us from continuing to address needs which exist within the institutions maintained for those not considered as amenable to less structured community programs.

With rising prison populations in the last two years, we have expanded our vocational,

rehabilitation and educational programs to the limits of our institutional capacity. Efforts have been made to make minimal improvements in our prison structures until a long-range program could be developed and implemented.

Two years ago, I authorized a study of the existing conditions in our Department of Corrections and the correctional institutions, together with the development of an eight-year plan for improving the system. The plan was completed shortly after the submission of my fiscal year 1977 budget. It called attention to many of our inadequacies and highlighted those proposals which in the opinion of the consultants would be advantageous for the state to adopt. This report laid the groundwork for beginning improvements in our correctional system.

The full implementation of the programs recommended by the consultants was far beyond the fiscal capabilities of the state. It was necessary to select those areas most in need of implementation. In March of 1976, I submitted a special message to the 1976 Legislature setting forth my recommendations for implementing a program of improvements.

The eight-year plan emphasized the need for capital improvements. Many of our correctional facilities are old and in need of substantial repair. The populations of the State Penitentiary and the Kansas State Industrial Reformatory now exceed population standards recommended by the Secretary of Corrections and the federal government, as well as standards set forth in some federal court decisions. All projections show that those populations will continue to increase in spite of our efforts to develop community-based facilities.

At my recommendation, \$92,000 was appropriated by the 1976 Legislature to initiate master planning and programing for a major capital improvement program for the correctional institutions. Projects scheduled for programing included:

1. A new medium security institution planned ultimately for 400 beds with the initial construction of sufficient size to house 200 inmates.
2. A minimum security outside dormitory at the Kansas State Industrial Reformatory planned to house 100 inmates.
3. A minimum security outside dormitory for Kansas State Penitentiary planned to house 100 inmates.
4. An additional housing unit at the Kansas Reception and Diagnostic Center planned to house 128 inmates.
5. A new administration building at the Kansas State Penitentiary.
6. A plan for the renovation of cellhouse facilities at the Kansas State Penitentiary and the Kansas State Industrial Reformatory to bring them to an adequate and humane standard for housing inmates.

The consultants employed to prepare the master plan and programming have just delivered the completed capital improvement program to me for review. The review indicates that even the limited improvements included in the master plan exceed our ability to finance them within resources available in the foreseeable future. In order to offer this Legislature a capital improvement program which can be funded within our current ability, it is necessary to limit my recommendations to what I consider to be the most important and crucial facility needs of the correctional system. I am recommending a program that will provide for a new medium security institution, a 100-bed minimum security facility at the Kansas State Industrial Reformatory and major cellhouse renovations at the Kansas State Penitentiary and Kansas State Industrial Reformatory. The remaining improvements included in the master program, while certainly needed, will have to be phased in as fiscal resources permit.

I appointed a special committee to work with the Secretary of Corrections and the consultants in selecting a site for the location of a new medium security facility. After many hours of site review and study of community resources, the committee has recommended locating the new facility on land currently owned by the State of Kansas adjacent to the Osawatomie State Hospital. Location of a new facility on this site will result in lower improvement costs as no land will need to be purchased. Additionally, savings will be realized in that the new correctional facility can make use of some existing support facilities at the Osawatomie State Hospital. Improvements will be required before these support facilities can be shared. However, the cost of these improvements are projected to be less than the cost of constructing new support facilities should the institution be located elsewhere.

The cost of this facility located on the Osawatomie site is projected at \$16 million. The cost, if located on other sites considered, would increase to \$16.5 million, exclusive of land and utility extensions to the site. If the Osawatomie site and recommended funding are approved by this session of the Legislature, the institution would be ready to house 200 inmates in fiscal year 1981 and an additional 200 inmates in fiscal year 1982.

I am recommending the construction of a 100-bed minimum security outside dormitory at the Kansas State Industrial Reformatory. My original program anticipated additional 100-bed minimum security facilities at both the Industrial Reformatory and the State Penitentiary. However, as these facilities are beyond currently projected resources, and as the State Penitentiary has minimum security facilities now available, I am proposing an outside dormitory only at the Industrial Reformatory at this time. The total cost of the facility is projected at \$2.56 million and, as programmed, would be completed in fiscal year 1980.

The third component of the capital improvement program would consist of cellhouse renovation. This renovation would be designed to bring present housing to reasonable standards. Renovation would be initiated in fiscal year 1979 at the Industrial Reformatory and in fiscal year 1980 at the State Penitentiary. Total costs for complete cellhouse renovation is projected at \$4.8 million at the Industrial Reformatory and \$ 4.9 million at the State Penitentiary. These improvements are scheduled for completion over a four-year period from fiscal 1980 through fiscal 1983. Scheduling for these improvements is designed to keep capital improvement expenditures within projected resources and to permit the completion of new facilities which will provide, during the period of renovation, additional beds for relocation of inmates now housed in the cellhouse to be

renovated.

I have reserved \$653,000 in my fiscal year 1978 budget to fund the preparation of final plans for the new correctional institution and minimum security projects which can be let to bid in fiscal year 1979. Of the \$653,000, \$533,000 is reserved from the Correctional Institutions Building Fund and \$120,000 of federal Omnibus Crime Act funds is anticipated through a discretionary grant from the Law Enforcement Assistance Administration.

To provide funds for the capital improvement program, I recommended last year and the Legislature adopted legislation reducing the current .5 mill levy for the State Institutions Building Fund for one year to .25 mills and establishing for one year a levy of .25 mills for implementation of the correctional program. This recommendation was made after arriving at the necessary improvements in the institutions for fiscal year 1977. The requirements for the use of the State Institutions Building Fund for fiscal year 1978 are greater. Therefore, I recommend for fiscal year 1978 legislature reducing the levy for the State Institutions Building Fund for one year to .4 mill and establishing a .1 mill levy for funding of the corrections program. This method of funding permits the evaluation of current program needs prior to the establishment of the levy for corrections and permits legislative and administrative flexibility to determine program and funding priorities on an annual basis.

In addition to the program referred to in this message, it has become abundantly clear that our current facilities at the state security hospital at Larned are insufficient to house those in the penal system who need the benefit of treatment provided there. Waiting lists currently exist for admission to the security hospital and its capabilities for treatment must be expanded. I am recommending that one of the buildings in the Larned State Hospital complex be converted in part for an additional 30-bed annex to accommodate transfers from penal institutions. A portion of the cost of this new program is recommended to be funded from GCCA resources.

I am aware of the fact there are those who would prefer to spend public money on anything other than the housing of prisoners, just as there are those who feel prison confinement should be avoided and that most criminals would have a better chance for rehabilitation under supervision in the freedom of their home communities. In my opinion neither view is realistic nor responsive to the needs which now exist. To presuppose that we can continue to maintain overcrowded prison facilities and safely protect the citizens of our state and their property is foolhardy and dangerous optimism. It ignores the safety of our employees and assumes that the Attica-like disturbances in other prisons which stem overcrowding cannot occur in our own overcrowded facilities. It ignores the dangerous potential of judicially mandated premature release, similar to the releases which have occurred in other states when the courts found conditions so overcrowded and inhumane as to constitute cruel and unusual punishment. It sidesteps any hope for rehabilitation, limited though it may be, and totally ignores the most minimal concern for humane and sanitary treatment.

On the other hand, to presuppose that prisons in the foreseeable future can effectively become relics of a bygone era and that all, or even a large proportion of our felons, will be freely allowed to roam the streets of the community in which their felony was committed also constitutes a dangerous, overly optimistic, and unreal view of the facts as they currently exist or as they are

conservatively projected to occur. Such a view ignores the dramatic increase in our prison population in the last several years. It disregards actions of the Legislature imposing mandatory minimum sentences for certain specified crimes which are already projected to have an impact on the growth of the prison population. It rejects, without basis, the increased judicial commitments to our state institutions. It ignores the fact that our felony convictions grew from 2,415 in fiscal year 1971 to 4,104 fiscal year 1976 and that of those convicted less than a third are committed to the Department of Corrections while more than two-thirds are placed in community-based programs. It is heedless of the fact that more than 50 per cent of those confined in our institutions have been convicted of violent crimes and that of the remaining 50 per cent most are second, third and fourth offenders. It flies in the face of legislative mandates requiring us to maintain maximum, medium and minimum correctional institutions when in fact, to this date, no medium security facility has been constructed. It ignores the fact that rehabilitation, though limited during periods of incarceration, is possible if facilities are made available, but in an overcrowded institution those facilities for rehabilitation simply cannot be effectively provided.

The facts clearly support the need for the capital improvements which I recommend. Like many of you, I would much prefer to address our funds to other more noble and more readily appreciated causes. However, as the chief executive of the state, I cannot ignore a need which clearly exists and demands an immediate solution. Public safety is a fundamental concern of state government. The availability of places of confinement for those who willfully violate our laws is an essential ingredient of public safety. As the Governor of this state I cannot indulge myself in the political pleasantries of "cracking down on crime" without at the same time providing adequate facilities to incarcerate those who commit it. As the Governor of this state I cannot indulge myself in the luxury of dreaming of the days when our prisons will be historical museums while they currently are filled to the brim with criminals. It would be more perfidious to delay longer than it has been to delay until now.

The time for debate is over. The time for decision is at hand.

DELINQUENCY

This administration has addressed itself to providing a number of additional facilities for dealing with the juvenile delinquent. When I assumed office in 1975, there were 431 total beds available in the youth centers and rehabilitation centers. During fiscal year 1976, we added 25 beds at the Youth Rehabilitation Center at Osawatomie State Hospital and 16 beds at the Youth Center at Atchison. In fiscal year 1977, we started construction of a new security cottage at the Youth Center at Topeka. The program I am recommending for fiscal year 1978 will provide staffing for the 16 new beds in the security cottage at the Youth Center at Topeka, will add 32 additional beds at the Youth Center at Atchison, and will create 30 beds at a new youth rehabilitation center at Topeka State Hospital. These moves, if implemented, will bring our new total of juvenile beds to 550, a 27.6 per cent increase during this administration. These are beds for juvenile offenders and exclude the adolescent units at the state mental hospitals which continue to be available.

The new 16-bed closed security cottage at the Youth Center at Topeka is expected to be ready for occupancy about January 1, 1978. Further improvements are made in the staffing pattern at

the Youth Center at Topeka and an appropriation is recommended to install security screens on the windows of seven cottages, thus improving our capability to prevent potential runaways.

For many years the state has operated an evaluation program for children at the Youth Center at Atchison. Since the size of this program has declined, I recommend the Legislature pass appropriate legislation to abolish the evaluation function of this agency and transfer that function to Topeka State Hospital where it can be absorbed by existing personnel. The abolition of this program on the campus will make 32 additional beds available to young offenders committed to the institution. The entire campus then will be devoted to the treatment needs of juveniles. This will help ease some of the population pressures currently being felt in other juvenile programs.

I am also recommending that a youth rehabilitation center similar to those operated at Osawatomie State Hospital and Larned State Hospital be established at Topeka State Hospital. This new program would require a total of 17 new positions and would be established on what is currently an adult, combined services psychiatric ward with approximately 30 beds.

These three improvements will provide 78 new beds for juveniles during fiscal year 1978.

Another new program, though not limited to juveniles, is recommended for Larned State Hospital to address a severe need for dealing with mentally retarded persons who present extreme behavioral problems where they are now living. This program would convert half of the Jung Building to provide 30 beds in a new program for mentally retarded persons who are not suitable for an open setting. Persons would be referred to this new program from any of the four state institutions for the retarded or from other types of placement outside the state system. The program would offer intensive behavioral modification programming for retarded individuals and also would provide a setting where their particular need for a secure environment would not conflict with the open campus atmosphere which exists at the state institutions for the retarded.

The Department of Social and Rehabilitation Services is authorized by K. S. A. 39-1301 (1973 S. B. 577) to provide financial assistance to local communities for the development of youth services and group homes as alternatives to state institution placement for delinquency-prone youth. The program to date has led to the development of 166 new beds for delinquents at the local level and has provided training and support to foster parents caring for delinquent children. As part of my program for addressing the problem of juveniles, I am recommending that state funds allocated for this program be increased from the \$220,000 authorized in fiscal year 1977 to \$350,000 in fiscal year 1978. I also am recommending that federal Title XX social service funds be utilized for this purpose where applicable, which will increase the total amount recommended for this program to \$500,000 in fiscal year 1978.

These recommendations, if adopted by the Legislature, will make a significant improvement in the facilities both at the state and at the local level for dealing with this increasing social problem.

EDUCATION

I discussed in my legislative message my reasons for recommending no modification in the

school finance act at this time. The budget for fiscal year 1978 provides a total of \$231 million to be distributed to the various school districts as direct state aid. In addition, \$36 million will be returned to the school districts as their share of the income tax rebate, which is part of the total school district equalization act. State aid and income tax rebate will provide 44.7 per cent of the estimated budgets of school districts in the 1977-1978 school year.

My recommendations in the area of special education mark the third consecutive year that I have recommended significant increases in state funding for those educational services. Since enactment of legislation mandating special education and education for the developmentally disabled, state support during this administration has increased from \$12.1 million in fiscal year 1976 to the \$17.1 million I am recommending be appropriated by this session of the Legislature. The recommendation for fiscal year 1978 represents a 41.4 per cent increase over the fiscal year 1976 budget in direct state support to special education reimbursement to school districts and provides an increase from \$4,000 to \$4,500 for each eligible teaching unit within special education services.

In fiscal year 1976, this administration provided funds increasing the state reimbursement for each type-A meal served under an approved school lunch program from 2 cents to 4 four cents per meal. In fiscal year 1978 I am recommending additional support of the school food programs. These recommendations represent a 47 per cent increase in the level of state support when compared with fiscal year 1976. I am also proposing a program of \$2,040,000, which will make available \$27,840,000 of additional federal funds to the various school districts in support of school food service programs.

State safety funds of \$1,300,000 are recommended in support of driver education programs in unified school districts. Legislation will be recommended to raise the limitation of distribution from the state safety fund to schools from \$1.2 million to \$1.3 million in order to maintain state support in light of increased student participation. The recommended amount will provide in excess of \$36 per student.

Each year I have recommended increases in the amount of vocational education program aid to unified school districts. I am recommending \$502,902 for categorical aid during the fiscal year 1978, an amount 15 per cent greater than the amount of state aid provided two years ago. Support for area vocational schools since 1976 has remained in the vicinity of \$4 million per year, representing continuation of state support for 25 per cent of the total area vocational-technical school program. An amount of \$4.4 million is recommended for out-district tuition for post-secondary students. This funding for tuition costs otherwise would have to be borne by local property taxpayers.

My budget review disclosed that many students involved in post-secondary vocational education are sponsored by the federally funded Comprehensive Employment Training Act, a program of assistance which the state is not required to match. Under Kansas law, however, the state is obligated to pay from its own resources 90 per cent of the tuition costs even on federally sponsored students. I am recommending legislation which will provide for full federal support of these students, thereby reducing our general fund demands in this area.

Though the state has been generous with its funding for vocational-technical schools and the programs which they offer, these schools are limited by lack of funds in providing for capital improvements. The very nature of a vocational-technical program requires considerably more in capital improvements than normal educational offerings. In an effort to increase the availability of vocational-technical education to more of the young people of Kansas I am recommending that \$2 million be set aside in fiscal year 1978 as additional state aid for these schools. These sums will be devoted exclusively to capital improvements for the 14 area vocational-technical schools and will be distributed on a pro rata basis determined by the level of instructional activities. I urge this Legislature to implement this recommendation and to allow the sums distributed to be accumulated by area schools from one year to the next until appropriate projects can be funded through a combination of state, local and federal sources. I realize that, as a matter of tradition, the state has avoided support for capital improvements made by local governing bodies. In the case of vocational-technical schools, however, I believe that the circumstances are sufficiently distinguishable and merit this type of limited support so that this particular need of many of our youth can be properly addressed.

EXECUTIVE REORGANIZATION

During the last two years our progress on executive reorganization has been significant: We have (1) merged the Food Service and Lodging Board into the Department of Health and Environment; (2) merged the programs dealing with alcoholism and drug abuse into the Department of Social and Rehabilitation Service; (3) reorganized the Department of Economic Development; (4) detached the State Board of Tax Appeals from the Department of Revenue; (5) abolished the Kansas Advisory Council on Intergovernmental Relations; (6) abolished the State Education Commission and transferred its function to the State Board of Regents; (7) established a Department of Transportation; (8) created a Department of Human Resources to bring together our programs dealing with manpower; (9) merged the capitol area security operation into the Highway Patrol; (10) abolished the Division of Administrative Service in the Department of Administration, and (11) made other significant strides to bring our government into a manageable form.

In my legislative message, I indicated that I would submit to this Legislature an executive order which merges the Crippled Children's Commission with the Department of Health and Environment.

There is another reorganization that I propose be adopted by this legislative session. After an extensive study of the operation of the port of entry system, I recommended to the last session of the Legislature that the port of entry system be abolished. The Legislature did not adopt this recommendation. I remain convinced that the abolition of the port of entry system is both justified and necessary and that a substituted program would make additional funds available for other and more productive purposes.

For years, the state has vacillated between abolishing the port of entry system or expanding its facilities, hours and operations to make it an effective system. The cost of an expansion of the port of entry system to provide enforcement of our regulations and to make it an effective enforcement agency would be staggering and could be supported only through substantially

increased fees.

On the other hand, a mobile enforcement program as I recommend would improve enforcement with less inconvenience to the industry and at a reduced cost to the state of approximately \$1.9 million on a full fiscal year basis. The decision is obviously yours. I would request that if you do not adopt the proposed reorganization and elimination of the port of entry system, you carefully consider how the alternative costs of making the present system effective will be funded. To continue the present program without improvement and without funding makes our enforcement efforts a farce and wastes the dollars we do spend.

HEALTH

In my legislative message, I reviewed what we have accomplished in our efforts to make health care readily available to our citizens. I also outlined the general recommendations made in this budget for further improvements. The highlights and detail section of this message and budget document list these recommendations in detail. The budget provides significant expansion in the financing of the programs at the University of Kansas Medical Center and at its Wichita Branch. All of the recommendations that I have made are essential if we are to make progress in addressing the health needs of our citizens.

Recommendations for the University of Kansas Medical Center provide an additional \$4.6 million from the General Fund, which is an increase of 17 per cent. The overall operating budget for the Medical Center is recommended to increase by \$7.6 million, or 14.7 per cent. This recommendation will continue the emphasis we have made on strengthening the programs of medical education at the Kansas City campus, at the Wichita Branch and at various outreach communities.

The budget provides for significant increased support for the Wichita Branch of the Medical Center to improve instruction. House staff reimbursements under contract with Wichita area hospitals for selected residency programs will be continued for 74 positions.

As a major effort to encourage integrated family practice programs in non-metropolitan areas of the state, I have recommended a plan to develop family practice residencies in two locations. The goal of the program is to develop family practice residency programs which ultimately would include 12 residents at each location. The budget provides for major renovation or remodeling at one of the locations.

On the Kansas City campus, I have recommended additional staff positions for further development of the family practice department. This recommendation provides for expansion of both family practice residents and allied health care personnel training. Residency at the Kansas City campus and elsewhere in the state would be strengthened by 12 additional resident positions to be devoted exclusively to primary care disciplines.

Other program improvements at the Kansas City campus of the Medical Center include:

Simple Table

1. A total of 57 new positions to strengthen nursing services.
2. Additional support for nursing outreach activities with emphasis on continuing education.
3. Funds to purchase additional patient care equipment.
4. Additional staff in medical records, pharmacy, and the clinical laboratories in radiology.
5. Additional nurses and technicians to expand education, and home treatment and services for renal dialysis patients.
6. Equipment for a new six-bed head trauma unit.
7. Planning for a graduate clinical education program in Topeka.
8. Establishment of a physician's information exchange and placement office with the specific mission to cooperate with communities and the Department of Health and Environment in actively pursuing and obtaining medical practitioners for underserved areas of the state.

The budget for the Board of Regents includes continuing support of the guaranteed admission program and other financial aid for students of dentistry, optometry, medicine and osteopathy.

The budget for Kansas State College of Pittsburg provides the operating staff for the soon-to-be-completed McPherson Nurse Education Building and provides additional faculty to work in the nursing training program specifically in medical-surgical and community health program areas.

At Wichita State University, the budget provides additional state support for the medical technology program conducted in cooperation with the Veterans Administration. It provides the last phase of a five-year program to shift funding in the physician's assistant program from federal to state sources, provides the second phase of a three-year program to provide additional clinical preceptors for outreach efforts, provides additional staff for the medical clinician program to strengthen supervision during the preceptorship phase of training and continues support of the other allied health programs carried on by Wichita State University.

I addressed in my legislative message the importance of providing adequate communications for emergency medical services in our state. I have directed the chief executives of agencies and departments potentially involved in such a network to develop a plan for implementation along with realistic funding estimates. It is my hope this plan can be completed in time for submission to this Session of the Legislature. In the expenditure schedules of the budget report, I have reserved \$500,000 from the Federal Revenue Sharing Fund to provide necessary state assistance in moving this program forward.

I have already discussed the efforts to initiate a pilot aid program for further development of home health care services at the local level, which provide alternatives to institutional care. The budget finances start-up costs to extend such services, principally in rural counties.

The total program for health care that I am submitting should go far in assuring the availability of health care services to our citizens. The approval of these items is of extreme importance.

HIGHER EDUCATION

Four years ago the Board of Regents presented a three-year program for increasing support so the state's institutions of higher learning could continue to be competitive in the area of faculty salaries with their peer institutions. The request was made after careful review by the Board. Quite frankly, this review clearly indicated that we had allowed our state colleges and universities to survive and subsist without adequate funding. As a legislator, I supported the implementation of the first year of that program. As Governor, I have recommended each year the completion of that program. The Legislature last year reduced the amount provided for increased faculty salaries and delayed the implementation of the plan by an additional year.

I am recommending funds to provide average faculty salary increases of 7 per cent, the same to be assigned on the basis of merit. Two per cent of this amount represents funds which in my view should have been provided by the last legislative session to complete our commitment to the Board of Regents and our pledge to the faculties and their students. If it is our desire in the trying years ahead to give higher education a workable base upon which to perform an essential function, then the keeping of this commitment is urgently needed.

I realize some will contend these increases are unjustified. The facts belie that contention. We have made increased commitments in recent years, but so have the states which operate institutions that compete for the best of our faculty. With the implementation of this recommendation we will be more competitive in the academic marketplace, giving greater assurance of our ability to attract and retain the most well qualified of faculties.

I realize also there are those who feel that for some unexplained reason the elementary and secondary budget per pupil limitation should apply with equal weight to such things as salaries at our colleges and universities. It is unfortunate that those who subscribe to such a view were not serving in the Legislature when the Regents' budgets were cut or in those years when the funding granted to elementary and secondary education was clearly superior to the funding given to our institutions of higher learning.

In my view, the two proposals are clearly distinguishable. In fact, historically, elementary and secondary teacher salaries have exceeded budget authorization by approximately 2 per cent. Funding for higher education, when implemented by this Legislature, is final and constitutes a decision from which there is no appeal. In the case of elementary and secondary education, a well-thought out, well-justified and supportable appeal can successfully be taken to those who make the final decision in school districts -- the people. To tie the one to the other is an excuse, not a reason.

I have recommended that the other operating expenditures be increased at the Regents' institutions by 8 per cent, exclusive of utilities and the Medical Center. Part of this amount represents the same catch-up for the other expenditures at our institutions that is represented by my recommendation for faculty salary increases. It also is in keeping with the fact that a number

of special programs recommended by the Regents have been rejected on the understanding they will be funded within this 8 per cent.

By the completion of these three-year programs of accelerated and enriched funding in an effort to regain that which was neglectfully denied in prior years, an appropriate and reasonable base will have been developed for the future funding of higher education. Due notice is served that if the commitment to this three-year program is kept, subsequent enrichments must come from continued reorganization within existing institutional structures. I already have advised the Board of Regents and the administrative heads of these institutions that so far as I am concerned they are the last vestiges of incremental finance in state government. Henceforth their budgets must be prepared and their requests submitted on the same zero base which applies to every other area of state government. The concept of headcount budgeting for higher education is as outmoded as the Model T Ford -- but not nearly as valuable. It will be well worth the implementation of these recommendations to disengage from this approach to budgeting.

I have recommended full funding of the present estimated utility costs, an area where substantial increases are being experienced. The colleges and universities are embarking upon programs of energy conservation and the capital improvement budget provides approximately \$2.5 million for improved energy conservation at these institutions.

My budget includes funds for library improvements as requested by the Board of Regents. It provides 15 per cent of the fiscal 1977 general use base support for library activities. The total at the six campuses is \$523,336. I do not need to point out to this legislative body that libraries represent the heart of the institutions of higher education. For far too long we have neglected to respond to the increases required to maintain essential library facilities and have allowed our support to erode. At the same time, I have become convinced that in periods when resources are few and demands are many the needless duplication of expenditures is totally unjustified. To this end I intend to appoint a special task force to review the library needs and requirements of our institutions of higher learning as well as the other libraries which we support with a view toward developing some type of overall plan and coordination which will assure the availability of the maximum number of volumes and periodicals without requiring that every work be duplicated at every location.

I have recommended some modest improvements in the programs in our colleges and universities, the details of which you will find in the highlights section and the detailed document.

For a long period extending through the 1930s, the capital improvement programs at our colleges and universities were neglected and the facilities were allowed to deteriorate. Recognizing this deficiency, the Legislature authorized the educational building fund levy with the first levy made in 1942 at 0.25 mills. This rate continued until 1949 when the levy was raised to 0.75 mills. In 1955 the levy was raised to 1 mill. This 1 mill levy has been continued. In the early years of the levy, with the size of institutions, the levy was adequate to provide some improvement in the facilities of our institutions of higher education. Since that time, enrollments have grown and the state has added Wichita State University to our systems.

Recognizing the problem, the Legislature provided funds several years ago for a comprehensive planning process for higher education to develop a capital improvement program to assure that adequate utilization was made of all facilities, to identify those buildings that needed to be replaced and to identify those areas where the facilities were inadequate. The problems of our institutions were compounded during the 1960s when rapid increases in enrollments occurred and additional faculty were brought on. During this period new construction did not keep pace and classrooms were converted to house the additional faculty made necessary by the increase in students.

Utilizing the planning process and taking into account the conditions of existing buildings, present inadequacies and future needs based on population projections, the Board of Regents has prepared a 10-year building program totaling \$429 million for fiscal year 1978 through fiscal year 1987. These projects are identified needs. To address them would require an expenditure of \$43 million per year. The program is not designed to handle increased student enrollment but takes into account the trends that will occur during this period of time. The project is ambitious, but I fear it is well beyond our current or projected capabilities.

I share the concern of the Board of Regents that we must have quality instruction in quality facilities if our institutions of higher education are going to prepare our sons and daughters to address the complex problems of tomorrow's society. The Board of Regents has suggested that the mill rate on the Educational Building Fund be increased from its present 1 mill rate to 1.5 mills. This increase would raise approximately \$4 million more per year, or a total of approximately \$12 million from this source.

I am opposed to an increase in the property tax levy and therefore reject this proposal. Discussion has taken place about a bond issued to begin financing the program at an earlier time. I am opposed to that concept, for I fear it has constitutional flaws which are not subject to statutory remedy, not to mention the fiscal hazards of such an endeavor.

The fact is the state cannot afford, regardless of its merits, a building program at the level of \$43 million per year. Instead, I have recommended a building program that addresses the most critical needs of higher education during the next few years. This building program can be funded within the available resources of the state and without tax increase. I would emphasize that this program addresses only part of past unmet needs. It does not purport to provide all that we would like to do. Elimination of many desirable projects during the next several years may be painful, but our fiscal stewardship requires no less.

For fiscal year 1976, I proposed and the Legislature adopted an increase in the reimbursement rate per credit hour for community junior colleges from \$14 to \$15.50. I am recommending that this Legislature make a further increase in this rate from \$15.50 to \$16.50 per credit hour. This additional state aid amounts to \$533,031.

I have become increasingly alarmed at the rapid growth of out-of-district extension courses being offered by community colleges for which both state credit hour aid and state out-district aid are being provided. That concern did not diminish as I reviewed some of the courses being offered, which, by title, seem to indicate the support of a hobby rather than the acquisition of an

education. If there were no constricting seams in our public purse the fears of funding such endeavors might not exist. However, when funding in one area may require sacrifices and reductions in others a challenge is justified if not demanded.

Though there may be some legitimate concerns about a community college, supported primarily by the tax funds of the community, offering extension courses at less than cost beyond that community, it is a decision which can be made locally. I question, however, the wisdom of state support for such endeavors, particularly in the area of out-district state aid. In my budget recommendations I am suggesting that the state terminate its support for programs offered beyond the taxing district in which the community college is located. There may be alternatives to such a proposal which are less drastic and yet accomplish the same basic results. However, in the days of declining enrollment and head-count budgeting -- both of which result in massive recruitment efforts -- this action is clearly justified.

Notwithstanding this proposal, my recommendations for community junior college out-district state aid calls for the expenditure of \$3,150,861, which represents an increase of more than 42.4 per cent since fiscal year 1975.

In keeping with the pattern previously established in keeping aid to community junior colleges and Washburn University at the same level, I am recommending that the rate for reimbursement of state aid to Washburn University for undergraduate credit be increased from \$15.50 to \$16.50.

JUDICIARY

In my legislative message, I indicated that one of the long-range goals in the reform of our judicial system was gradual state assumption of the total costs of our court system. I outlined to you the need for a restructuring of the personnel requirements and the salary commitments for non-judicial personnel before any substantial assumption of costs should take place.

However, to give some relief to the property tax burden now borne by local taxpayers, I have included an additional \$1,725,000 as a reserve to be made available by the Legislature to assist counties in meeting operating costs of the courts. Legislation should be adopted authorizing the Chief Justice of the Supreme Court to provide grants-in-aid to help defray local cost of court operations calculated on the basis of \$25,000 per district judgeship. In those judicial districts which extend to more than one county, state aid would be distributed to counties in proportion to their respective share of the judicial district caseload.

LOCAL GOVERNMENT

Direct state aid to cities and counties is estimated to total \$66,478,259 in fiscal year 1977 and \$70,048,902 for fiscal year 1978. I have recommended two additional programs -- aid to counties for judicial costs and emergency medical services -- which, if approved, would raise the fiscal year 1978 total to \$72,273,902, an increase of 8.7 per cent. Details of these programs may be found on Schedule XV of the Governor's Budget Report.

The budget provides for the continuation in fiscal year 1978 of \$195,000 of state aid to regional

planning commissions distributed in accordance with the formula recommended by your interim committee.

The budget includes funds to allow the Kansas Bureau of Investigation to establish a training team offering technical training to local law enforcement personnel. The training will be conducted insofar as possible in the field to reduce the traveling demands on local personnel. This program will benefit local law enforcement efforts.

I also have recommended an expanded program of arson investigation to allow the State Fire Marshal's office to aid local units of government in investigation of suspected arson. As a further approach to solve the growing incidents of arson in our state, I have recommended that the University of Kansas, in association with the Fire Marshal, sponsor arson investigation training seminars for persons involved at the state and local levels in the investigation and prosecution of arson cases.

SENIOR CITIZENS

State government has provided extensive services to our senior citizens. I would like to review with you a few of the activities conducted by the agencies of this state.

The Job Service Section of the Department of Human Resources provides a staff member in each job service center specifically to assist older workers. Job Service anticipates registration of 18,000 senior citizens and expects to place nearly 4,500 in employment. The Department has established a working relationship with many community-based programs that provide services to the elderly, such as community centers, volunteer clearinghouses and meals-on-wheels programs. The Kansas Veterans' Commission of the Department assists in obtaining disability pensions for non-service related disabilities for older, low-income veterans. The Kansas Soldiers' Home, administered by this Department, provides housing to retired veterans, veterans' wives, widows, and mothers and fathers of wartime veterans. Comprehensive Employment and Training Act (CETA) programs target the elderly for priority consideration.

The Department of Health and Environment operates numerous programs and activities directed at problems of aging. Indirect services are provided through the adult care home nursing programs and other certification programs for intermediate care facilities and skilled nursing facilities. Licensure responsibilities in these areas require that the Department set forth and administer minimum standards for health care, sanitation and an adequate safe environment for 23,000 Kansas residents residing in 353 adult care homes. Expansion of the home health care program I recommended to you previously will be directed primarily at services to our senior citizens. The Department of Health and Environment conducts consultation and training programs to aid nurses in local health departments in conducting health assessment and screening programs for the elderly.

The Department of Social and Rehabilitation Services administers numerous programs for senior citizens. Foster grandparent programs are operated at the Kansas Neurological Institute and at Winfield State Hospital and Training Center. The Department of Social and Rehabilitation Services operates homemaker service programs for older Kansans at a cost of approximately \$2

million per year. Medical vendor payments from the Department directly benefiting older citizens are estimated to cost \$54.9 million for fiscal year 1977. Funds directed through local area agencies on aging in the current fiscal year total approximately \$4.7 million. These various efforts result in total expenditures of approximately \$7.1 million on behalf of the elderly.

This administration has recommended and the Legislature has adopted provisions for extending the homestead property tax relief program, which now provides benefits for elderly renters. We have provided exemption for the first \$50 of tax on intangibles owed by individuals 60 years of age or older. We have eliminated the payment of park fees for those individuals 65 years of age and older.

The budget that I am recommending maintains and enriches these efforts on behalf of our deserving senior citizens.

This record and these proposals clearly indicate our concern for the older citizen and our willingness to support that concern with tax dollars.

However, the problems of our senior citizens must continue to be addressed. Coordination between various agencies that serve their needs must be improved. I am therefore recommending elevation of the section on aging to a divisional status. This action will give a higher profile to this group of Kansans.

PARKS AND OUTDOOR RECREATION

Each of the budgets that I have prepared has addressed the need for improvements in our state park facilities. They have provided for increased development of public use facilities at the 19 state parks and have emphasized construction of facilities at the two newest state parks, Melvern and Clinton. Total capital improvement expenditures authorized for fiscal year 1976 and fiscal year 1977 are \$1,089,600. The budget I am recommending provides an additional \$571,400 for fiscal year 1978. In addition, construction of park roads totaling \$1,075,000 were authorized for the fiscal years 1976 and 1977. A program of \$600,000 is included in the budget for next year.

The development of the El Dorado State Park will be initiated in fiscal year 1978. The federal government will construct the public use facilities, excluding park roads which will be built by the state. The state will reimburse the federal government for 50 per cent of the development. The limitations on available state resources and the immediate need for state development at Melvern and Clinton State Parks dictates this course of action if we are to avoid piecemeal construction of public use facilities and unnecessary delay in the development of El Dorado State Park.

It has become apparent that no system exists to guarantee the security of park rangerettes. The budget I am submitting recommends termination of that program. In lieu of the rangerette program, I recommend that necessary legislation be passed by this session of the Legislature to authorize establishment of a revised park permit program. The details of this recommendation have been set forth in the highlights section and in the Budget Report.

The development of a state wildlife resource management system for the Forestry, Fish and Game Commission is recommended. This system for the first time will provide a comprehensive analysis of the state's wildlife resources and the specific means to effectively manage these resources, including funding requirements. The system will provide an ongoing review and evaluation of our resource management program. The details of this recommendation have been set forth in the highlights section and in the Budget Report.

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STATE EMPLOYEES

This administration initiated procedures that not only will save state dollars but also increases the productivity of state employees. That effort will continue. Each budget has been reviewed to eliminate unneeded positions and to shift employees from jobs that can be eliminated to jobs that contribute to the public service, thereby improving the efficiency and economy of government. In most cases, our public servants have risen to the challenge. I believe that achieving quality and not quantity of employees is a goal which we should seek and my efforts have been directed toward that end. I also believe that salaries paid to the employees of state government must be set at levels competitive with private and other public employers if we are to recruit and retain the qualified personnel essential to deliver state services effectively and efficiently.

In 1976, at my recommendation, the state increased its contribution to cover the full cost of single member health insurance premiums for state employees. The practice of paying the full cost of single member premiums was continued at my recommendation in fiscal year 1977, and I recommending further increase in the fiscal year 1978 budget to keep pace with insurance costs, which have risen 71 per cent in the last three years. Over the last three years, if my recommendations are implemented, the state contribution to health insurance for state employees -- a tangible fringe benefit -- will have increased by approximately \$110 a year per employee. The state contribution in this area for fiscal year 1978 is estimated at \$435 per year per employee, and the Legislature will need to authorize the payment of premiums not to exceed that amount. Where in fiscal year 1975 state employees either had to take a reduced coverage to be paid by the state or make up the difference themselves, each of the budgets that I have submitted has provided for the full payment of the single member health insurance premiums.

By providing the employees with health insurance, the state has been able to protect them from a dramatically increased cost of medical care.

For classified state employees, my first budget provided and the Legislature authorized an increase of 5 per cent plus \$25 per month at each step of the salary plan. This change provided annual raises of between 12.3 per cent at the lowest step to 5.8 per cent at the highest step the pay scale.

The budget that I submitted for the fiscal year 1977 reserved funds to increase once more the salaries of classified state employees. That increase of 2.8 per cent plus \$15 per month in each step of the plan provided annual raises of between 6.6 per cent at the very lowest step in the pay scale to 3.2 per cent at the highest step in the pay scale.

The Department of Administration in cooperation with the Legislative Budget Committee has been studying the civil service system of our state. The report will be completed in the near future. The purpose of the study was to see what steps should be taken to make the state personnel system more effective in its operation and more responsive to current needs. After the system has been reviewed and improvements made, the next logical step is to have a review and update of the classification and pay plan. I have provided funds in the budget of the Department of Administration to conduct a comprehensive review of the classification and pay plan. In the meantime, we need to respond to some of the critical needs for adjustments in pay of state employees.

The budget I have submitted includes funding for selected changes in classifications and pay to respond to critical areas of need. New pay ranges as well as new class specifications and title changes have been provided for the current psychiatric aid classes, effective July 1, 1977. Increases have been provided for the investigator classes of the Civil Rights Commission. Other changes have been made during the current fiscal year and in the budget for fiscal year 1978 to respond to other areas where it is difficult to recruit and retain competent employees. I have reserved funds for a basic adjustment in the salary plan for classified employees to provide for a 2.5 per cent increase, which would be in addition to any merit increase to which the employee may be entitled. I believe this change should be made at this time ahead of the comprehensive review and I urge the Legislature to approve this recommendations.

RETIREMENT

An interim committee of the Legislature in 1975 studied post-retirement benefits without arriving at a conclusive report. Recognizing the limited funds available, I recommended and the last Legislature adopted for fiscal year 1977 a one-time payment to retirees under the state retirement system in the form of a 13th check of 5 per cent of their annual benefits. The Legislature enacted the increased benefit with a \$20 minimum and \$200 maximum. While the question of post-retirement benefit adjustments remains unsolved, the plight of our retired employees remains difficult. Funds are not available at this time for further increases, but I do recommend that the 1977 session enact an identical one-time post-retirement benefit for the fiscal year 1978 for all members and joint annuitants of the Kansas Public Employees Retirement System who retired before January 1, 1975. At the least, we should continue for one more year the increase granted during the current fiscal year.

WATER

In my legislative message, I reviewed the efforts made in the last two years to address the problem of our valuable water resources. I recommended improvements in our water resources program for next year. In this message, I shall indicate some of the specific provisions that have been made in the budget in this regard.

The appropriation of state aid for rural water districts has been useful to local districts in reducing cost to the individual water user and in receiving federal funds. Therefore, I am recommending continuation of \$1 million in state support for rural water districts for fiscal year 1978.

During my recent listening tours across Kansas, it was brought to my attention that serious problems were developing in regard to water usage along the Arkansas River. To prevent conflicts between ground and surface water users along the river and to assure that the holders of water rights receive fair consideration of such rights, I am recommending that \$50,000 be appropriated to begin a study of possible diversions along the Arkansas River.

As indicated under the topic "Agriculture," applications for water rights have exceeded the processing capability of the Division of Water Resources of the Board of Agriculture. To alleviate the backlog of applications, I am recommending additional support for this activity.

My recommendations for fiscal year 1978 include the continuation of the weather modification studies presently being performed by the Water Resources Board. A sum of \$100,000 is included for this purpose.

I have made provisions in my budget for continued state aid for watershed construction. The recommendation would continue this program at the recommended level of \$500,000 per year.

The recommended budget includes \$453,102 for aid to conservation districts. This recommendation provides an average of \$4,315 for each district, an increase of 21 per cent above last year.

The addition of research staff and a mobile water testing laboratory has been recommended in the budget for the University of Kansas to study the chemical quality of irrigation waters in Western Kansas. This project will entail large scale field sampling and research investigations relating to potential benefits or hazards resulting from changes in the chemical content of high plains groundwater resources.

Upon my recommendation, the 1976 Legislature approved the use of federal funds to initiate a Kansas Water Quality Management Plan under federal P. L. 92-500. The purpose of this planning effort is to identify water quality problems in the state and identify water quality goals and standards which are attainable under foreseeable water and land resources. The plan will present alternative methods for regulation and management of water resources and will provide an opportunity for selection of the best method for dealing with particular water quality needs. This plan will be submitted to the Legislature for consideration during the 1979 session. The budget that I am recommending increases this planning effort.

WELFARE

My administration each year has improved the administration of our welfare programs and has worked to eliminate those who are not truly in need.

In the budget for fiscal year 1976, we provided for a 10 per cent increase in the basic standards for aid to dependent children and those on general assistance, we initiated a program for homemaker services, we maintained funding of the program for community juvenile facilities, we initiated expanded vocational rehabilitation programs, and we made other significant strides in providing for the needs of our citizens.

During fiscal year 1977 we increased the funding of the general rehabilitation program to permit the program to work with both severely handicapped individuals and others.

We made a further increase in the basic standard for aid to dependent children and general assistance of 5 per cent. We expanded our medical assistance utilization review teams and continued an effort to complete the inspections of ICF and skilled nursing homes. We increased the audit staff of the department to provide for an improved and expanded audit program for medical and other providers. We expanded the staff to provide for quality control of the food stamp program.

The budget that I am recommending for fiscal year 1978 provides additional financial resources for the Department of Social and Rehabilitation Services to establish a fraud investigating unit. The mission of this unit will be to intensify special investigations of possible abuse of the welfare system by clients and vendors and to improve the effectiveness of prosecution of cases where fraud is alleged on the part of those participating in the state's public assistance program.

The budget continues the program of location and support with its goal of locating absent parents and establishing support obligations through court actions. The effectiveness of this latter program is demonstrated by the fact that for calendar year 1976, a total of \$2,882,422 was collected while total expenditures were \$559,717 for a net gain of \$2,322,705. Of this amount, \$1,809,539 was applied against assistance payments and \$306,755 was paid to local units of government pursuant to cooperative child support reimbursement agreements.

The budget also provides for increases in programs to improve income maintenance services provided to clients under the work incentive program, outreach services for the food stamp program and the women, infant and childrens' nutrition program as well as a state operated homemaker service program for adults.

One of the major new innovations recommended in the area of children and youth is the addition of nine positions at the local office level to improve programs for the prevention and detection of child abuse. The positions will strengthen existing child abuse staff at the local level and provide for potential development of 24-hour child abuse services in some areas. The problem of child abuse is one of growing concern and this effort provides a significant response.

The budget provides increased financial assistance to local communities for the development of youth services in group homes. It enriches the program of assistance for child day care by doubling the seed money for day care centers for preschool children and provides \$50,000 of state funds for seed money in new programs for day care for school-age children.

Financing for Project Reintegration, which provides for the deinstitutionalization of patients, has been recommended for an increase of 12 per cent, to \$2.9 million. The recommended amount is based upon the deinstitutionalization of approximately 500 persons and continued care of approximately 500 persons at a cost of \$240 per person per month.

Recommendations for the Division of Vocational Rehabilitation Services provide an 18 per cent increase in state support for the general vocational rehabilitation program, including services to severely handicapped clients, an increase in the state's share of the cost required to continue special training services at the Vocational Rehabilitation Centers and continuation of vocational services to inmates at the Kansas Correctional-Vocational Training Center.

Of the many programs carried on by the Department of Social and Rehabilitation Services, the ones with the greatest impact upon the state's fiscal resources are the financial assistance programs, including the program of medical assistance. The growth in our medical program requires a substantial supplemental appropriation of \$14 million from the General Fund for the current fiscal year.

This program has been increasing at an alarming rate. I do not believe that the rate of increase experienced in medical assistance expenditures can or should be allowed to drain the fiscal resources of the state, thus diverting funds from other needed priorities. I am convinced that changes should be made in the benefits offered under the medical assistance program, one of the more generous among the several states, to reduce the magnitude of the increases while addressing the medical costs of those most in need. Abrupt changes in program coverage were initially proposed for the balance of this fiscal year. However, I ordered the changes delayed and have proposed changes in program levels, effective July 1, 1977. By delaying the implementation date of these changes, an orderly adjustment in the program can be made. You should be aware that federal rules and regulations limit the state's option in federally aided portions of the medical assistance program.

I have recommended a medical assistance budget for fiscal year 1978 which totals \$145.2 million, of which \$78.3 million would be financed by state funds. The program reflects major adjustments in the medical program aimed at continuing necessary medical coverage for the poor while eliminating some optional services. The details of this recommendation are contained in the highlights section of this message and in the Governor's Budget Report. The recommended changes in coverage would save a total of \$8.1 million in fiscal year 1978, of which \$4.4 million would be state funds.

Of our medical programs, the General Assistance Related - Medical Only Program has increased most dramatically. The increased cost of this program is estimated to be approximately one-third greater in fiscal year 1977 than in fiscal year 1976. The General Assistance Related -Medical Only Program is financed largely from state funds. The program was intended to meet the catastrophic medical needs of persons not eligible for assistance under programs subject to federal regulations. This program has experienced a rapid growth in the utilization of benefits. There are indications that in some instances the program is being utilized by those who are not most in need and that personal resources are not being used for medical expenses to an equitable extent.

The budget is based on the recommendation that effective July 1, all persons making application for assistance under the General Assistance Related - Medical Only Program be evaluated on a more stringent "spend down" criteria. This recommendation would require the recipient to spend more of his income for medical bills before he becomes eligible for the state medical program. We would continue to provide coverage to those who are most in need.

Under this adjusted program, the estimated cost of the General Assistance - Medical Only Program for fiscal year 1978 will be \$6.2 million, or \$7.6 million below the agency's estimate of cost for the existing program. Of this \$6.2 million, \$4.2 million would be required to finance assistance to individuals who became eligible for program benefits after July 1, another \$2 million would be required to pay medical expenses incurred under eligibility standards as they existed prior to July 1.

The rapid increase in those utilizing this program and its potential for additional and accelerated increases mandates that we establish some control on the growth of the program. Even after these changes, the state medical program will continue to provide a comprehensive array of medical services for welfare recipients and others afflicted with catastrophic medical illness.

CONCLUSION

The budget recommendations which I submit to you today represent my concept of the responsible stewardship of the public purse and the use of its limited contents to address the needs of our state and to improve the quality of life and living for our people.

Just a few days over two years ago in my inaugural message I attempted to set the cornerstone of this administration when I said, "With compassion, yet with responsibility, we will build on yesterday's experiences, labor on today's problems and plan for tomorrow's world." As I review the accomplishments of the last two years in which many of you, of both political parties, played important, effective and sustaining roles, I can take some pride for the part which this administration played in the recommendations and in implementation of these achievements. But the pride must be shared with my wife Olivia, Lieutenant Governor Shelby Smith, members of the Cabinet and our fellow state employees who strive daily, too often without recognition, to serve the citizens of Kansas. However, pride in a well laid cornerstone and in the first few tiers of stone and mortar is not enough to adequately house and safely preserve the responsible sovereignty of a state, let alone provide for its future enrichment.

The budget recommendations which I have presented to you today build a little higher the sturdy walls of a responsibly compassionate government.

I have presented to you my best plans for the construction work which should be commenced, can be supported and will be completed, if you so decide.

The responsibility for stewardship of the public purse now passes to you and with it all of the responsibilities of that trust. You must now decide on the perimeter of the protective wall, on the stability of its pinnings and the needed support for its improvement. You must now decide on the

heights to which you will build it from the contents of that purse for which you are now the steward. I wish you well in that undertaking and Godspeed in your deliberations.

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Transcription by Rita Troxel.

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