

Robert Blackwell Docking

MESSAGE OF ROBERT B. DOCKING TO THE KANSAS LEGISLATURE

January 9, 1974

Mr. President, Mr. Speaker and Members of the Kansas Legislature:

This is the eighth time I have submitted to the Kansas Legislature my budget and legislative recommendations.

Each message each year has been designed to reflect the will of the people by offering sound, proven, realistic proposals to meet the needs of Kansas and its citizens.

Each budget each year has been designed with the individual taxpayer in mind.

In the past my legislative messages have offered recommendations to improve nearly every function of state government and the services it provides our citizens. The message I offer for the legislature's consideration this year is no different. It offers responsive, realistic, sound programs designed to:

--Further reform the Kansas tax structure. Many of the tax reform measures our administration has recommended over the years have been enacted; but more can be done to give additional tax relief to individuals.

--Meet the problems of the energy shortage which is affecting our nation and world. This administration has taken numerous steps to soften the energy shortage impact in Kansas, but further action is necessary.

--Improve the educational opportunities we provide our young people.

--Reform campaign and election laws in Kansas. Each year I have recommended specific legislation to reform the laws governing the conduct of campaigns and the election process. Current events on the national level have demonstrated further the needs for tightening these laws. I am hopeful that now, with the spotlight focused on campaign and election irregularities at the national level, the Kansas Legislature will recognize the importance of tough, strict campaign reform designed to serve the people rather than the politician.

--Provide strict legislation to prevent conflicts of interest by public officials. In the past I have recommended tightening Kansas conflicts of interest laws. 1974 can be the year the Kansas Legislature takes a major step toward providing safeguards against conflicts of interest in state government.

--Reform the Kansas Constitution to give the people a greater voice in their legislative process.

--Reorganize the executive branch of state government to make it further responsive to the people, more streamlined, efficient and economical.

--Upgrade and enhance our state's economic development efforts. Over the years, we have set record after record in economic development. We can do more.

--Continue our administration's successful highway development and maintenance program.

--Protect the Kansas consumer from unscrupulous business practices.

--Reform further our welfare laws. During our administration we have drastically reformed the welfare structure in Kansas in order to weed out fraud, to protect and provide for the truly needy. More needs to be done.

--Upgrade further law enforcement programs and penal institutions.

--Provide better health services for our citizens. At the recommendation of this administration, the legislature enacted programs which mean better health and medical care for Kansans and more physicians graduated from the University of Kansas Medical School. My recommendations today provide for further improvement in the health care we provide Kansans.

--Reform our state's insurance laws and workman's compensation statutes.

--Maintain our state's status in agriculture, our state's number one industry.

--Reform our voter registration laws in order to insure all eligible citizens that they may exercise their precious right to vote.

--Reform the method by which we let architectural contracts in order to assure that these contracts are let as fairly as possible free of charges of partisan activities.

The budgets I have submitted to the Kansas Legislature have reflected my concern that the taxpayer receive adequate services from the state, but also they have reflected my concern for the individual taxpayer's ability to pay for the services.

Never, during the history of our administration, has there been a need to increase the personal income or sales tax rates. This year is no different. For the eighth consecutive year no increase in the individual income tax rates or sales tax rate is necessary to finance my recommended budget.

As in the past. I will veto any bill reaching my desk which provides for an increase in the personal income or sales tax rates.

My legislative and budget messages reflect the needs of Kansans. They are designed to be alert to the needs of the people -- and the will of the people.

The State of the Kansas Economy

The overall performance of the Kansas economy was excellent during 1973. Both employment and growth rates exceeded the national rates. Employment averaged more than 916,000 for the year; personal income is estimated to be 12.4 percent higher than the previous year, a total personal income of 11.3 billion dollars.

The substantial increase in personal income was partially eroded by inflation. Accounting for this factor, real income in Kansas increased 6.7 percent.

Most impressively, farm income increased 35.5 percent. Machinery manufacturing employment jumped 21.2 percent and aircraft manufacturing employment increased 18 percent. The unemployment rate dropped to 3.3 percent, well below the national average of 4.6 percent.

Through our administration's economic development efforts, we attracted a wide variety of new manufacturing plants in 1973. These plants produce such diverse products as mobile homes, electronic equipment, luggage, boats, windows, electric motors, animal feed, lighting fixtures, meat products, plastics and aircraft parts. Many existing Kansas industries expanded. These expansions included fabricated metals, meat processing, transportation equipment, cement, chemicals, specialty foods, heavy machinery, wallboard, plastics, tools and petroleum refineries.

There are, however, conditions which create uncertainty about the future of our state's economy.

The energy shortage which has and will continue to affect jobs and employment, inflation which continues to eat away dollars from the Kansas taxpayer, the instability of the national economy coupled with undecided economic policies of the national administration make it more important that we continue to hold the line on taxes and state government spending.

Tax Reform

When I first sought the governorship in 1966, I stressed the importance of reforming the Kansas tax structure to make it fair and equitable. I stressed the need that Kansans who are not paying their fair share should do so; that those who are paying an unfair burden, should receive tax relief.

Each year since I have been Governor, I have recommended specific tax reform measures to reach our goal of tax fairness.

We have won many tax reform measures.

--In 1967, at my recommendation, the legislature approved an income tax reduction in the lowest brackets. Kansas was the only state in the nation to reduce taxes that year. In that same year, 10 states increased their income tax rates; in 1968, five states increased their income tax rates; in 1969, 15 states increased their rates; in 1970, five states; in 1971, 13 states increased their rates; in 1972, six states increased their rates; and in 1973, ten states increased their income tax rates.

In the seven years of this administration, state income tax rates have not been increased. This is tax reform

--In 1967, at my recommendation, the legislature approved an increase in the amount of interest banks pay on interest-bearing accounts for inactive state funds. This has meant increased revenue for the state totaling more than \$33 million. This is tax reform.

--In 1967, this administration negotiated reciprocal sales tax agreements with our neighboring states. These agreements have brought more than \$19 million back to Kansas.

--In 1970, the first circuit breaker law -- the homestead property tax relief act for our senior citizens, which I have advocated since 1966, was approved by the legislature. It was the first such legislation in the state's history. This is tax reform.

--In 1972, we won an expanded circuit breaker law to include hundreds more senior citizens with incomes up to \$6,000, as well as disabled persons.

--In 1973, we substantially liberalized the circuit breaker to cover more persons and provide greater benefits.

--In 1970, we won a lid on property taxes and spending by local governments. This is the tax reform.

--In 1972, I recommended and the legislature approved eliminating the federal tax as a deduction in computing corporate income tax and state privilege tax of banks, savings and loans and trust companies - - an action that has been taken by a majority of the states. In 1973, this act was made permanent.

--In 1973, the legislature passed and I signed into law the School District Equalization Act which has had the effect of providing property tax relief.

--In 1973, I recommended a further increase in the interest rates banks pay on state inactive accounts. The legislature passed and I signed into law a bill increasing the interest rate paid by banks on state inactive and time deposit/open accounts from 70 percent to 100 percent of the three-month average U. S. Treasury Bill rate. The estimated increase in revenue with this action totals more than \$60 million through FY 1975.

--In 1973, I recommended and the legislature passed a bill providing for state assumption of county welfare costs. This is a property tax relief measure.

Further tax reform is needed. Our goal should be to continue to reform the tax structure to make it fair for all our citizens.

I repeatedly have outlined the criteria for tax reform. All revenue measures should meet the following specific tests to qualify as true tax reform:

1. Reform must lessen the burden for those least able to pay.
2. No change should be permitted which increases tax regression.
3. Increase should inure only to those persons who have been paying less than their fair share of the tax burden.
4. Elimination of tax exemptions and closing of tax loopholes, except those dictated by constitutional mandate, federal prohibition or justified because of further regressive tendencies.

Each year since taking office, I have recommended specific tax reforms for the legislature's consideration. This year, I again recommend specific tax reforms:

1. Expanding the Circuit Breaker.

We should continue to improve the circuit breaker which the legislature enacted in 1970 at my recommendation. In 1972 we increased the income requirement from \$3,700 to \$6,000 and extended benefits to the permanently disabled. In 1973, we again increased the income requirement, this time from \$6,000 to \$8,150. We reduced to 60 the age for heads of households, included widows 50 years of age and older, and expanded the maximum allowable claim from \$330 to \$400.

Last year I recommended that we follow the lead of a number of states that do not require an individual to be of a certain age in order to qualify for property tax relief under the circuit breaker.

Eliminating the age requirement would have meant property tax relief for hundreds of thousands of Kansas property taxpayers.

The legislature ignored my recommendation.

I now recommend that the legislature further modify the property tax circuit breaker by reducing to 50 the age a head of a household needs to be in order to be eligible for property tax relief under the circuit breaker law. This modification will require an additional appropriation of an estimated \$3.5 million. The funds are included in my budget. Approving this recommendation will enable us to move progressively toward my goal of property tax relief for hundreds of thousands of Kansans -- regardless of age.

2. Strengthening the Property Tax Lid and Restoring the Budget Lid.

The property tax lid which I recommended and then signed into law in 1970 has halted the rapid spiral in property taxes throughout Kansas. It has worked and worked well.

But in the 1973 legislative session, the tax lid was gutted. Most of the limitations of the tax lid

were eliminated. Eliminating most of the budget limitation has drastically watered down the property tax lid. Without an effective budget lid, the tax lid's effectiveness has been reduced.

I urge this session of the Kansas Legislature to reinstate the budget lid in the property tax lid law in order to restore the original efficacy of the property tax lid.

To strengthen further the property tax lid law, I recommend:

- a. All local government units should be under the budget and tax limitations of a tax lid whether or not those governmental units are authorized to levy a tax.
- b. All bonds and temporary notes to be paid by property tax revenues should be subject to a mandatory vote of the people.
- c. The attorney general, with the assistance of the Board of Tax Appeals, should be given authority to initiate investigations into budgets of local governmental units to determine compliance with provisions of the tax lid law.

I repeatedly have said that if any measures requiring an increase in local property taxes are enacted by the legislature, the taxpayers in the local government area affected should be given an opportunity to approve or disapprove the proposed property tax increases. I again reaffirm my recommendations.

- d. The authority of boards of county commissioners to sit as boards of equalization has been enlarged to cover a longer period of time -- from January through a portion of May. As a practicable matter, most commissioners sit as a board of equalization only in late April and May. Legislation should be enacted to provide for mandatory sittings by commissioners on fixed days through the January-May term with adequate notice to the public required.
- e. The role of the State Board of Tax Appeals as an early accessible and inexpensive forum for the litigation of taxes should be maintained and expanded -- not restricted. The authority of the director of the Division of Property Valuation to value and assess public service corporations should not be impaired.

3. Spending Lid.

Over the years, I consistently have requested that the Kansas Legislature impose a spending lid on a state government. I repeatedly have asked that the legislature operate on the basis that (1) appropriations cannot exceed available resources and (2) the legislature may not increase items in the executive budget except by separate bill. I again recommend that the Kansas Constitution be amended to provide for these procedures.

In addition or in place of amending the constitution, the legislature can act voluntarily to impose a lid on state spending by taking the following steps:

- a. All basic decisions concerning state fiscal policy -- at total for all spending and any needed increase or decrease in state revenues -- would be made before the beginning of the appropriations process.
- b. A joint committee on revenue projections would be created to achieve a single estimate of revenue to guide the legislature in its budgetary decision-making.
- c. A ceiling on spending would be set in the first concurrent resolution of the legislature. The resolution would specify ceilings on both total outlays and total new budget authority.
- d. No appropriations bill could be adopted until the concurrent resolution has been adopted.

These proposals would assist both the executive and the legislative branches in avoiding fiscally irresponsible decisions.

In other words, with a lid imposed a measure requiring funds could not be passed by the legislature unless funds were available -- or were made available -- by the legislature prior to passing measures which require financing.

Too many times in the past, programs were approved requiring millions of dollars in tax dollars with little concern for how the taxpayers would pay. Too many times the taxpayer paid too high a price by paying inequitable taxes.

In the haste of looking for money, little attention was paid to the source of the funds. Too often the legislature sought funds without carefully reviewing the already inequitable Kansas tax structure and seeking tax reform measures to eliminate the loopholes and inequities in the tax structure.

This concept of "revenue before appropriation" would mean a positive change in a philosophy which has been followed for more than 100 years. The concept of "revenue before appropriation" is responsible, business-like and fair to the Kansas taxpayer.

Energy

The world today faces a severe energy shortage. Demand for all forms of energy is greater than the supply available.

The energy shortage is not new. It has been rapidly approaching during the past several years.

Over the years we have taken a number of steps designed to:

1. Increase the supply of energy to the American and Kansas consumer;
2. Help Kansas prepare for the energy shortage;
3. Take the lead in conserving energy resources;

4. Help those who have been severely affected by the energy shortage, and
5. Prepare for further shortages and inconveniences.

Our administration has taken the following steps:

--More than a year ago, I appointed Dr. William Hambleton, state geologist, to a special commission of experts representing the Midwestern governors. This special commission's task was to analyze the energy shortage and recommend steps each midwestern state could take to avert or soften the blow of the energy shortage.

--We created the Governor's Advisory Council on Energy and Natural Resources, a council representing experts in various forms of energy, scientists and consumers. The council was charged with assessing the energy problems in Kansas, determining existing energy production capabilities, projecting future energy demands and recommending avenues which could be taken to soften the blow of the energy shortage in Kansas.

--We established an energy hot-line in the Kansas Department of Economic Development to receive reports of fuel shortages as they occurred in various parts of the state. We responded to these calls by personally persuading fuel suppliers to help solve each emergency need individually. During the harvest, our energy hot-line and the advisory council were responsible for moving approximately one million gallons of fuel into the state so our Kansas farmers could reap the largest wheat crop in Kansas history.

In December 1973, we averaged approximately 200 telephone calls per day on the energy hot-line. Fuel suppliers have earned my gratitude and respect for the help they have provided us.

--I requested state agencies and local governments to develop and implement fuel conservation policies.

--I requested the President initiate a system of allocating fuel supplies to insure that Kansas and other agricultural states could continue to fulfill food production obligations.

--At my request, the secretary of administration announced the organization of a central motor pool and directed a 10 mile-per-hour reduction below the speed limits on highways for all state automobiles.

--I met with the President's chief energy advisor and with the President himself and expressed my concern about the impact of fuel shortages and federal regulations on oil imports.

--With the Cost of Living Council, the President and his energy advisers, I vigorously opposed rollbacks in crude oil prices.

--At the Midwestern Governors Conference I led the fight for a resolution supporting building the Alaskan Pipeline. I expressed my support for the Alaskan Pipeline to members of Congress

prior to the pipeline's passage by Congress.

--I appointed a special coordinator for fuel allocation in Kansas whose responsibility, among others, is to coordinate the federal government's mandatory allocation system for middle distillate petroleum products.

--In a live, statewide address, I placed Kansas on a statewide energy alert and urged every Kansan to step up immediately his or her energy conservation program.

--We conducted an energy workshop for state government officials and school officials. The workshop offered expert advice on methods to conserve energy.

--After the President announced a cut in fuel allocations averaging 42.5 percent for the general aviation industry, I joined with other business and government officials in appealing to congressional leaders to restore fairness to the general aviation industry.

--To prevent a shutdown of trucking operations in Kansas, the Fuel Allocation Office moved ahead of this problem by taking the following steps:

a. Moving fuel across company lines, having the nearest supplier provide fuel regardless of the brand name.

b. Making massive fuel diversions to key truck stops and key truck lines so they would not deplete smaller fuel stocks around their geographical area.

c. Meeting with the truckers and truck stop operators and reaching an operating agreement.

d. Making efforts to expand the cooperative agreement between trucks and truck stop operators to surrounding areas.

--Working with corporate executives, we were able to obtain a supply of natural gas for two Kansas school districts whose natural gas supply had been curtailed and who had no standby fuel supply available.

--The Kansas Department of Education distributed suggested energy conservation measures for all Kansas school districts.

--To conserve energy and to demonstrate state government's willingness to take the lead in conserving energy, I ordered a reduction in heating in state offices in Topeka. Lighting in and around the capitol was reduced substantially.

These are a few steps we have taken to meet the energy shortage in Kansas and to reduce its impact on Kansas citizens.

More needs to be done.

1. I urge early approval of the Fuel Allocation Office's budget.

Since November, the office has averaged 200 telephone calls per day. This includes all telephone calls, both in and out. The average case requires four to five telephone calls to resolve. The case load has remained at approximately 40-50 per day, but since December 6 it has shifted in nature and impact. Prior to December 6, the average case was a request for a small quantity of fuel (500 gallons or less) from a small, rural supplier. Since December 6, the number of cases has remained static, but the case size has mushroomed. Now, the cases involve volumes which may exceed four million gallons per month which, if these cases go unresolved, a spin-off upon industries, stores and jobs is likely.

Early approval of this budget will allow the Fuel Allocation Office to gear up to meet future emergencies with dispatch.

2. The Fuel Allocation Office was established as a result of the federal government's mandatory allocation program. It was designed for the short-term -- to deal with specific fuel problems. The energy shortage and energy problems will continue for many years, therefore, I urge the legislature to study the need for a State Energy Administration with authority to cope with existing and anticipated energy problems. Such a study should consider the possibility of consolidating some of the functions presently assigned to various committees, commissions and councils. By careful study of our organizational needs for the future, we can prevent ad hoc creations designed to meet future energy problems. I believe, for instance, the advisory and coordinating function of the Nuclear Energy Council can best be handled by other state agencies. For this reason, I am recommending that no funds be appropriated for the Nuclear Energy Council and that legislation be introduced for its abolishment.

In this way we can better meet our energy needs while reorganizing certain executive branch functions.

3. As an energy conservation measure, Congress has approved and the President has signed into law legislation requiring states to lower maximum highway speed limits to 55 miles per hour. Failure by any state to take appropriate action to lower speed limits will mean withdrawal of federal highway funds -- which could amount to a severe economic blow for any state.

In view of the penalties involved, I recommend that this legislature give the State Highway Commission authority to lower speed limits on highways to comply with this federal mandate -- or similar mandates -- during the time the law is in effect.

It was my hope that through voluntary energy conservation actions by individuals, federal directions and laws infringing on personal freedoms could be avoided. Perhaps with individual and collective commitment we can avoid other directives in the future.

4. I recommend authority be granted to the State Board of Education to determine the length of a school year, a school day and the time period within which a school year may be completed. Flexibility is needed if it is necessary to close schools for limited time periods because of fuel shortages.

5. I recommend establishing statewide building codes to insure that future construction will be consistent with energy limitations. Future design of buildings should provide for best practicable use and conservation of energy.

6. With the depletion of fossil fuels, it is incumbent upon us to maximize the recovery of our fossil fuel resources and discover new sources of energy. We can move forward with a vision toward meeting long-range demands through innovation and experimentation. I recommend two modest research and pilot projects relating to our energy needs:

a. Tertiary recovery of crude oil, a project being conducted at the University of Kansas. Tertiary recovery methods have potential of recovering an estimated three billion barrels of oil remaining after primary and secondary production. At average oil prices of more than \$5 per barrel, this tertiary oil production represents a potential economic resource to the state of approximately \$15 billion.

b. Experimentation converting wind energy into electrical power, a project being conducted at Wichita State University.

7. I request the legislature approve a joint resolution supporting my petition to the president of Amtrak that the Kansas City -- Denver route be earmarked under the Amtrak Improvement Act of 1973 as an experimental route for two years. A revival of passenger service on railroads is a needed and appropriate response to the energy shortage. The legislature can assist me in obtaining consideration of this important need.

Campaign and Election Reform

Each year since I became Governor, I have recommended tough campaign disclosure laws. These recommendations have included election and campaign spending reforms demanding interest disclosures by public officials, providing penalties for violating public trust and demanding disclosures of political contributions. Recent national events which have contributed to an erosion of public confidence in government underscore for leaders of the Kansas Legislature the need to address these issues now.

In keeping with my recommendations for timely and complete disclosure of contributions, I unilaterally have adopted procedures which will govern campaign activities in which I may become involved in the future. But we need ground rules that apply to everyone. Legislation to this end is a matter of highest priority.

It is obvious the methods by which political campaigns are financed must be reformed. If private financing continues, restrictions on contributions and expenditures must be tightened; machinery for effective supervision must be strengthened; and campaign laws must be enforced with severe penalties -- promptly, strictly and impartially.

Accordingly, I recommend the following:

1. A non-partisan, non-political elections commission should be established. It should function separately from the office of any elected official. The commission should be empowered to monitor, audit and investigate campaign and election reports.

2. There should be regulation and control of campaign contributions and expenditures, including:

a. Prohibition of retaining anonymous contributions of any amount. Any anonymous contributions should be delivered immediately to the elections commission. These funds should be used for non-partisan citizenship educational purposes in the school systems.

b. Prohibition of cash contributions.

c. Limitation of individual contributions to \$500.

d. Prohibition of corporations contributing money or services to state campaigns.

e. Limitation of campaign expenditures to 10 cents per person in a voting district.

f. Provision that only one committee shall be legally responsible and authorized to spend money on a candidate's behalf.

g. Requirement that each candidate shall appoint an election committee treasurer and all contributions and expenditures shall be received and authorized by the treasurer.

h. Requirement of full disclosure to be made of all contributions and expenditures 30 days before and again 15 days before and 30 days after the primary and general elections.

i. Requirement that the amount, name, address, occupation and place of business of each contributor is identified clearly and recorded by each campaign committee.

j. Requirement that all contributions must be deposited within 48 hours after they are received and a copy of each deposit slip should be filed with the appropriate filing officer at the same time as the deposit. This information should be available for public disclosure upon request of any citizen.

k. Prohibition on political committees and party organization forms borrowing and funds from anyone for any purpose. Operations of all such organizations should be on a cash basis.

There is an alternative to private financing of campaigns. Recent disclosures of major abuses have caused concern among citizens of this country who traditionally have supported political campaigns voluntarily. Their concern is reflected in the growing interest in public financing of campaigns. The argument is that public financing of campaigns could remove once and for all the threat of special interests attempting to buy influence.

Funding political campaigns with public tax money would be an historic and fundamental

change of such magnitude that it should be aired fully by all our state's citizens for an objective assessment of its advantages and shortcomings; with any final decision on the directions we take to be dictated by the people, and by them alone.

Because the Kansas Constitution has no provision for the "initiative", the constitutional question of publicly financing political campaigns must be placed on the ballot by the legislature. I urge this session of the legislature to submit the constitutional question of public financing of campaigns to the people of Kansas at the next general election.

Through constitutionally assured safeguards, through our election process, through tough disclosure laws and through maintaining a free and unfettered news media, we can work to assure the Kansas people that there will be total openness in the 1974 election campaigns. We also can offer the people an opportunity to affect directly our future course by offering a constitutional amendment for publicly financing future political campaigns.

Election Reform

Existing voter registration procedures deny many citizens one of their basic and most important rights, the right to vote. Simplified registration procedures are urgently needed to insure that all eligible citizens can exercise this right.

Consistent with my past objectives to remove all roadblocks to full participation in the election process, I again am recommending that the legislature enact the following measures:

1. Legislation establishing branch registration facilities in communities of 10,000 population or more.
2. Authorize the use of mobile registrars to take registration into the neighborhoods of each community;
3. Provide for a register-by-mail;
4. Change the cutoff date for voter registration from 20 days to 10 days before an election.

We must continue to work diligently for these reforms if full participation in the election process is to be achieved.

Conflicts of Interest

When I first campaigned for public office in 1966, I campaigned for strong conflicts of interest laws. Subsequently, the first conflicts of interest laws in our state's history were enacted.

Although the conflicts of interest laws at times have been used strictly for partisan purposes to intimidate persons in public life, disclosing interests by public officials serves the public good. My recommendations include the following:

1. The definition of "public official" should be as broad and inclusive as the Kansas Constitution permits:

a. Current law requires disclosure of income sources. It should be expanded to require any elected official to disclose the name of any regulatory agency before which he has appeared on behalf of any private client.

b. Public officials should disclose all fees or honorariums received for addressing meetings of any organization or group of persons.

c. All public officials should be required to list members of the immediate family employed in public agencies.

d. Legislators or any state public employee should be prohibited from serving as a hired lobbyist for special groups for a period of two years following termination of office or employment.

2. Special interest groups should be required to disclose amounts of money spent to influence legislative action or for political campaigns. Legislation should:

a. Require that lobbyists and their employers register. This should be strictly enforced.

b. Provide for financial disclosure by lobbyists and their employers at the time of registration.

c. Provide for timely disclosure of expenditures by lobbyists and their employers before, during, and after the legislative session.

d. Limit lobby expenditures.

Architectural Contracts

I recommend legislation reforming the procedures in letting architectural contracts. We must insure that (1) contracts are awarded fairly and equitably to firms capable of doing professional and efficient work in the best interests of the taxpayers; and (2) the work performed by an architectural firm is reviewed to determine that work quality is in full compliance with contracts.

Specifically, I recommend:

1. That a negotiating committee be established for each contract. The committee can consist of at least three state agency directors directly concerned with the project's financing and feasibility.

2. That the negotiating committee select one firm from a list of at least three firms nominated by the director of the Architectural Services Division as being competent to carry out the project's planning.

3. That a strict system to review the project's progress be established. The review should be ongoing during the life of the project. Reports of the review should be made to the legislative budget committee and appropriate executive branch officers.
4. That the current fee structure regarding architectural work be reviewed.
5. That the director of the Division of Architectural Service be made a classified position in the state civil service system, thus removing the position from possible partisan consideration and building into the state architectural services program continuity to bridge changes in administration of the executive and legislative branches.

Education

Measured by the number of general revenue dollars we have invested from year to year, maintaining and improving public schools and the institutions of higher learning have been top priorities. Our record in education is impressive. It is a record we share and one of which our state can be proud.

1. Special Education

During the years of our administration we have acted to meet the needs of our public schools and our public school teachers. We have won a professional practices act, a professional negotiations law, a teacher evaluation procedure, and a major reform in the financing of public schools. The last of these has given Kansas national attention; only a few of the 50 states effectively have addressed the problem of inequities in the financial resources of school districts. Accepting the moral imperative of the Serrano decision, we took a giant step toward equalizing educational opportunity. The price of this effort was a long-term state commitment to increase its support of the general operating costs of our public schools. The immediate reward of our effort was a significant reduction in property taxes in most of our 310 school districts.

Now we must move against another form of educational inequality, the second class status of exceptional children. I support an interim committee's recommendation that we eliminate the one and one-half mill levy authority of local school districts, power equalize the revenue of this levy and increase state assistance in special education categories. In support of these objectives, I have budgeted \$1.1 million in general revenue funds to be included with the funds to be power equalized and \$750,032 of additional state aid for categorical grants. The latter represents a 12.4 percent increase. Overall budgetary decisions make it necessary for us to move to equalize educational opportunity for exceptional children in stages. Hopefully, we can reduce the effort rate each year until we achieve our objectives.

2. Vocational Education.

To continue our efforts toward increasing the state's share of public education costs, and thereby provide property tax relief, I am recommending state assumption of 75 percent of in-district and out-districts tuition costs for post-secondary vocational education. This proposal frees some school districts funds to improve vocational education programs and makes roughly comparable

the tuition individuals pay for all post-secondary education programs.

In canvassing the ways and means of upgrading vocational education in Kansas, in the future the state should move to total funding of area vocational-technical schools. This would tend to equalize and broaden vocational education opportunities. But, for the coming fiscal year, our only option is to study the advisability of this move.

3. The Teaching Profession.

a. In recent years there have been promising innovations in the teaching of teachers and in teaching methods in the classroom. Because of these changes, certification requirements need continuing study and reappraisal. By statute this function is assigned to the Professional Standards Board which reports to the State Board of Education. To assist this board in its work I have budgeted full-time staff assistance. But, the standards board should be reconstituted to make it representative of all segments of the academic community including boards of education. Teachers are public agents and their qualifications always will be of public interest. A reconstituted board could enhance professionalism and increase the public's confidence in the process by which we govern admission to the profession.

My recommendation is consistent with my belief that all licensing boards should have public as well as professional members. It is one thing to insure interest group representation on boards which make decisions affecting those interests; it is another to give interest groups a monopoly of any public decision-making powers.

b. The Professional Negotiations Act has been in effect more than three years. The legislature should review the act and determine what amendments need to be made. Ambiguities in the act have led to litigation. Legislative intent has been the subject of continuing controversy. I recommend that, at the very least, the act be amended to include a mandatory mediation procedure. Such a provision would help both to prevent impasses and to resolve impasses when they occur. It is the legislature's responsibility to establish clear ground rules.

c. Once again, I recommend enactment of a due process for teachers law. We cannot expect to recruit our best young people into the teaching profession unless we give teachers greater protection against arbitrary dismissal than is now afforded. Procedural guarantees do not necessarily deprive school boards of their ability to insure good management practices. It is possible to write a due process law that is not "instant tenure." We cannot continue to overlook our responsibility to provide our dedicated teachers with the job security most citizens enjoy in their chosen fields of endeavor.

d. I endorse the State Department of Education's efforts to promote greater student understanding of the career options open to them. I recommend that the legislature charge an interim committee with reviewing progress and needs in this area.

e. It has been proposed that given the dual function of school nurses to provide health education as well as paramedical assistance, school nurses should be certified by the State Department of Education. This proposal deserves consideration.

4. Higher Education.

From the beginning I accepted the view that I had a special responsibility to support our state colleges and universities. Given the fact that these institutions are heavily dependent upon appropriations from the state's general revenues, and given our long-standing commitment to equality of opportunity for a college education, I have budgeted increases in faculty salaries, funds for additional staff required because of enrollment increases and expanding new programs, and money for equipment and buildings.

a. I recommend an eight and one-half percent increase in faculty salaries to help our system remain competitive in the market of professional talent. Given our limited resources, the other demands we must take into account, and our somewhat uncertain economic future, this decision represents the maximum effort the state now can make to keep our universities and colleges competitive in recruiting and keeping talented academic people.

It should be noted that the Kansas Board of Regents has moved to eliminate unnecessary duplication of programs and to eliminate or place on probation graduate programs for which there has been a limited or reduced student demand.

b. The need for greater coordination of post secondary education in Kansas remains apparent to all of us who are concerned with the wise use of our limited resources. We cannot hope to provide educational opportunities in all geographical areas and to all age groups without effective, on-going planning to this end. It has been suggested that master planning in education is appropriately a legislative function. I concur and urge the legislature to assume that responsibility.

c. I recommend legislation authorizing the transfer of the State Scholarship Program from the State Department of Education to the State Education Commission. I am advised that eligibility under the Student Incentive Grant Program of the federal government requires that all student aid funds be administered by a single agency. Under the federal program, Kansas would receive approximately \$350,000.

d. During the past few years attention has been focused on the responsibility of state colleges and universities to provide opportunities for continuing education. For some time now there has been a need for a graduate program in public administration and management for state employees. It is less costly to the state to bring education resources to Topeka than to provide leaves of absence. It is not practical to expect state employees to carry out their jobs assignments and then commute to one of our universities for evening classes. Therefore, I have included in my budget a provision to launch an educational program which will upgrade the skills and knowledge of state personnel, which will permit agencies to recruit exceptional young men and women who cannot afford to pursue graduate instruction on a full-time basis and which will enhance professionalism throughout state agencies. I recommend approval of the modest sum I have budgeted for this purpose.

e. The regrettable demise of the College of Emporia is graphic testimony to the financial plight of many private colleges in America today. We endeavored to provide relief through a

constitutional means when the Tuition Grant Student Aid Program was approved and funded. I budgeted \$2.5 million to support this program. It is essential that, periodically, we study the impact of this investment in order to determine whether it is achieving the purposes for which it was enacted. Private colleges serve important functions, functions which fully justify our efforts through the Tuition Grant Student Aid Program.

Law Enforcement

Protecting our Kansas citizens against crime and disorder is a responsibility of government.

While parents are concerned about their child's safe return from school, while millions of Americans feel vulnerable to senseless crime that plagues some of our country's greatest cities, the necessity that government concern itself with this basic responsibility becomes even further highlighted.

Through the Governor's Committee on Criminal Administration, we are fighting crime in Kansas.

Since its inception, the Governor's Committee has allocated more than \$20 million in crime-fighting funds to state and local law enforcement agencies.

More than 1,300 individual grants have been awarded to assist local agencies provide equipment and programs to fight crime.

The Governor's Committee on Criminal Administration has provided the funds, technical assistance and the coordinating effort needed to develop programs and projects that otherwise would have been impossible without additional tax burdens to the citizens of Kansas.

We have worked through the committee to assure that police departments have the technical tools and training needed to make speedy and legal apprehensions of criminal suspects.

We have worked to provide a more realistic image of our police professionals. Our Kansas peace officers are dedicated professionals with a tough job. They need and deserve the academic and technical equipment to do an expert job.

We have provided dramatic penal reforms; providing through the Governor's Committee on Criminal Administration funds and the direction needed to improve our penal guards, counsellors and psychiatrists.

Through the Governor's Committee, we are working to insure an equitable delivery of justice through our court system by offering assistance designed to relieve a backlog in cases.

Court judges and administrators must stay abreast of changes in their fields. The Governor's Committee provides the resources necessary to send these judges to important training seminars throughout the country.

Our drug abuse prevention and reduction program has served as a model for other states for several years. Blending enforcement, education and rehabilitation, we have launched an all-out war on the drug pusher, peddler and dealer. Reports of drug activity in Kansas are decreasing in large part due to assistance from the Governor's Committee to implement our three-pronged program.

We must continue to upgrade our criminal justice system. The report of the National Advisory Commission on Standards and Goals contains more than 600 recommendations to upgrade the criminal justice system, including areas such as alcoholism and drug abuse education, communication with the public, courts (speed and efficiency in achieving final determinations of guilt or innocence of a defendant), corrections (shifting emphasis from institutions to community-based programs), increased involvement of citizens in corrections, community crime prevention, employment, recreation and integrity in government.

The Law Enforcement Assistance Administration supports this document and the National Governor's Conference Crime Reduction and Public Safety Committee, of which I am chairman, has strongly endorsed the concept of this report.

At the state level, we must determine which recommendations are best suited to Kansas and its citizens.

Accordingly, I am directing the Governor's Committee on Criminal Administration to conduct a statewide conference on criminal justice standards and goals similar to a national conference conducted last year. Review by state and local officials of the National Advisory Commission's recommendations on standards and goals can be accomplished through state and local conferences.

The Committee's report to the governor and the legislature will serve as an important basis for legislative discussion and decision-making in the 1975 legislative session.

New provisions in federal law, effective with the receipt of FY 1974 funds, will require matching participation of five percent in grants awarded to local governments, and a full ten percent in state projects. This means with a 90-10 matching requirement, the state is obligated to share on an equal basis with local governments the ten percent portion of the grant. Pertinent statutes should be amended to provide authority to the Governor's Committee on Criminal Administration permitting the use of appropriated state general funds for transfer to local units of government.

I have included funds in my recommended budget to finance the state's new role in this program.

Consumer Protection

Last year two major consumer protection measures, the Kansas Consumer Protection Act and the Uniform Consumer Credit Code were enacted. Provisions contained in these acts were consistent with my recommendations that unconscionable and deceptive acts should be prohibited, that the doctrine of "holder-in-due-course" should be eliminated and that the attorney general be given

broader powers to remedy consumer complaints.

I also stated that "prevent maximum rates for consumer loans should not be increased." For seven years I have opposed increases in consumer loan interest rates. Increases in consumer loan interest rates would affect those persons least able to pay.

I reiterate that I am opposed to increasing consumer loan interest rates.

This legislative session should give serious attention to the recommendations of the Special Committee on Consumer Protection concerning abusive debt collection practices, deceptive insurance practices and landlord-tenant relations.

Landlord-Tenant Rights and Responsibilities.

Many states have recognized the growing need for statutes governing landlord-tenant relations and have begun to act in this area. This need stems in large part from the rapidly growing number of apartment dwellers who either cannot afford to purchase a house or prefer apartment living.

The model law endorsed by the Commission on Uniform State Laws contains provisions which would prohibit landlords from requiring more than one month's rent for security; make landlords legally responsible for providing a safe, clean, habitable unit; make eviction of a tenant for bringing legal or administrative complaints against a landlord illegal; and allow tenants to collect attorney's fees from a landlord who wrongfully withholds deposits upon termination of a tenancy.

Provisions that apply to tenants should include requirements for paying rent on time, giving ample notice when moving to allow the landlord time to arrange for immediate occupancy, properly maintaining dwellings and prohibiting and providing penalties for negligent or deliberate damage to a dwelling.

Last session, six separate bills designed to clarify the rights and responsibilities of tenants and landlords were introduced. Only one of these measures was passed.

Problems arise for landlord and tenant alike in the absence of specific statutory provisions in this area. Tenancy is a two-way street and both parties should be required to meet their responsibilities under any laws that may be enacted.

Economic Development

A major thrust of our administration over the years has been economic development. Our efforts have paid off.

Each year, we set new records in such areas as number of new or expanding industries, the number of jobs created by these industries, the size of annual payrolls generated by the industries and the economic contributions these industries make to our communities and our State.

For instance, during the first three-quarters of last year, the latest statistics available, expansions and new facilities meant nearly 5,000 jobs for Kansas citizens, a payroll of nearly \$30 million and total capital expenditures of more than \$300 million.

Our Kansas personal income, according to latest statistics issued by the U. S. Department of Commerce, has been growing faster than either the Plains Region or the nation as a whole. Kansas now ranks thirteenth in the nation among the 50 states and the District of Columbia in personal income growth for last year.

In an effort to place a new dimension on economic development, we formed the Kansas Cavalry, an organization of businessman and civic leaders dedicated to promoting and building the Kansas economy.

With the assistance of the Kansas Cavalry, we placed major emphasis on attracting foreign investments in Kansas.

In my legislative message last year, I stressed total community development and the need of the Kansas Department of Economic Development to reorganize internally, reflecting the two related functions of the agency -- promotion and community development.

Local officials in our state have stressed their strong support for these two functions. They have asked that the department advise in the preparation of "consistent local and regional development plans and insure the coordination and effectuation of state policies and programs necessary for the orderly and effective development of the state and its communities."

In essence, local officials want a well-rounded technical assistance program. The budget I have recommended reflects support for these goals. I am recommending expansion of staff in the Department of Economic Development which will initiate a new Community Development Division. The division would assist local officials toward community development.

Under a federal grant, my office has begun the process of developing a growth policy for Kansas; a review of planning activities designed to achieve in time the coordination that is needed.

During the past year our administration has prepared plans for tourist information centers in the state. Energy shortage make it inappropriate to initiate construction of tourist centers at this time pending clarification of the energy situation nationally, therefore funds are not included for such projects in my budget recommendations. I recommend the legislature study the Department of Revenue's plans for proposed tourist centers for implementation at a time when energy supplies and the economy are more stable.

Highways

The combination of good highways and motor vehicles continues to be the backbone of transportation in Kansas and rural America. Despite a limited supply of motor fuels, the need to

continue to improve the Kansas highway system cannot be minimized. No price can be placed on the savings in lives, time and motor vehicle operating costs that will accrue from additional improvements to our highway system. Our highway system is essential to our Kansas economy.

Our administration takes great pride in its record of highway achievements. During the years of our administration, more than \$600 million have gone into state highway and secondary road projects.

One year ago we estimated state highway construction and maintenance contracts for 1973 would reach \$95 million. The Kansas Highway Commission exceeded this goal by nearly 20 percent. Road improvement contracts for 1973 exceeded \$113 million, making it the best year in Kansas highway history -- despite the fact that it took Congress until August 1973 to pass the Federal Aid Highway Act which was delayed for 10 months.

The estimate for highway contracts in 1974 is \$97 million. This depends largely on the availability of construction supplies, fuel allocations and continued federal funding at current levels. Certainly the state's freeway construction program will continue to pick up momentum.

Last month in New York, the Kansas Highway Commission delivered \$40 million in highway bonds. Monies from the sale of the bonds and the motor fuel tax revenues set aside to support the bonds have been invested in accordance with the highway bond law I signed in 1972.

In the 12 months ending November 30, 1973, these two funds have earned \$2.89 million. This reduces the effective interest rate on the bonds.

In December 1973, the Kansas Highway Commission wrote contracts for \$15.7 million in freeway roadbed and bridge construction projects using bond funds. This week (January 8) the commission added another \$1.8 million in freeway bridge construction contracts to the total.

In 1974, the highway commission expects to let contracts on an additional 20 to 25 miles of new freeways at \$40 million.

The State Highway Commission's technical staff has preliminary engineering underway that will use the entire \$320 million in monies authorized by the bond law; however, amendments to the law may be necessary before the remaining \$200 million in bonds may be offered for sale in the next five years.

Under certain conditions, feasible toll roads are an acceptable means of accelerating four-lane construction in one or more of the freeway corridors. This avenue will be explored. However, in the face of rising gasoline prices and possible reduced tax revenues, any substantial subsidy to support a toll facility from the state highway general fund would reduce highway operating and maintenance funds below acceptable levels.

Inflation and increased standards mean highway construction dollars buy fewer miles than they did a decade ago. Therefore, highway maintenance continues to be basic to the highway improvement program. Repairs continue under the bridge maintenance program to restore legal

load limits on posted bridges either by maintenance contracts or by replacement.

The maintenance resurfacing program extends the life of older pavements which have a low construction priority. Through these maintenance resurfacing projects, Kansas continues to have one of the best highway systems in the nation.

During winter storms the highway maintenance department works around the clock to remove snow and ice. They achieve excellent results that contribute to the safe movement of traffic.

Ninety-five percent of the 820-mile interstate highway system in Kansas is open to traffic. In November 1973, 39 miles of I-35 were opened west of Ottawa.

If funds are available, it is the Highway Commission's intent to let contracts early this summer for the remaining 10 miles to Emporia.

Work is progressing on urban interstate segments in Kansas City and Wichita. Last month one mile of the twin viaducts on I-35W, the canal route in Wichita, was completed.

Depending on federal funds and completion of right-of-way acquisition by the City of Wichita, work will begin this year on the final link of the canal route in Wichita.

On I-635 in Kansas City, five miles of the route are complete. The remaining 4 miles are under construction.

Engineering is progressing on I-435, the route from Johnson County to Kansas City International Airport. Road design has been approved and right-of-way acquisition has begun. Through cooperation by the Highway Commission, the Kansas Turnpike Authority and the Federal Highway Administration, a design has been approved that will provide an additional two lanes on nine miles of I-70 from the proposed interchange of I-435 east to 18th Street in Kansas City.

Highway Safety

This legislature must again direct its attention to the federal safety standards in the Federal Highway Safety Act. As I have indicated in previous legislative messages, the Kansas Highway Commission may be penalized a portion of its federal aid highway funds if the legislature does not within a reasonable time comply with federal requirements.

The overall interests of Kansas citizens are of paramount importance. While highway safety in general, and compliance with the federal safety standards in particular, are in the public interest, your desire to achieve these objectives must be tempered by the realization that economy in government, reasonable requirements, and to the maximum extent possible, the convenience of Kansas motorists also are of utmost importance.

In deliberating highway safety legislation, it is essential not only that your efforts be progressive and constructive but also that you do not enact legislation which imposes unnecessary burdens on Kansas citizens, adds needlessly to the cost of administering or enforcing the laws governing

motor vehicles and operators, or places undue restrictions on any person's ability to operate a motor vehicle in the state -- particularly our senior citizens.

Agriculture

Agriculture is our state's largest industry. It provides the largest market for industry and labor.

Agriculture is the major source of new wealth and continues as the key to Kansas prosperity.

The United States nonfarm trade deficit in 1972 was \$9.4 billion, but the total trade deficit was a net \$6.9 billion. Agriculture accounts for the difference. The agricultural trade balance for fiscal 1973 is estimated at more than 44.3 billion. It is obvious that agricultural production is our number one trade balancer. Kansas ranks at the top in contributing toward a favorable balance of trade.

Approximately half our wheat production is exported. Combined, Kansas exported \$775 million in agricultural products during fiscal year 1973, ranking us fourth among all the states.

United States consumers enjoy less expensive fuel, electronic equipment and other imported products because Kansas contributes her efficient agricultural production. Agricultural products have been the United States' best converter of dollars into foreign currency with which to buy goods produced more efficiently and in great supply abroad.

A balance of trade must be achieved if the dollars is to remain strong. We can ill-afford to continue to import more than we export. The most efficient farmers in the world -- Kansas farmers -- are in a unique position to help bring about a balance.

Export sales of farm products provide big business for the Kansas economy. Approximately one-sixth of the state's agricultural production moved into export markets this past year. Increased participation by Kansas in export market development activities is one key for assuring that we will share favorably in the growing trade opportunities throughout the world.

The Mid-America International Agri-Trade Council (MIATCO), of which the Kansas Department of Agriculture is a member, is a recognized leader among organizations participating in export marketing activities. I recommend Kansas commit funds to participate in MIATCO to promote Kansas agricultural products. Specific recommendations are contained in my budget.

Water Resources

Monitoring and increasing our water resources continue to be activities of importance to our state's future. I have budgeted funds to insure our involvement in the cooperative project of the Missouri River Basin Commission, the pilot project for recharging ground water reservoirs and the payment of the first installment on water storage costs in John Redmond Reservoir. In addition, I am asking the legislature to approve continuation of the Weather Modification Project.

Workmen's Compensation

There has been much interest by the federal government in workmen's compensation. The Occupational Safety and Health Act of 1970 formed a commission to study workmen's compensation laws and recommendations were made to improve and give uniformity to the laws. Their report rejected federalizing state laws and encouraged the states to take the initiative in upgrading their workmen's compensation laws. To do this, I suggest that the legislature take our present Workmen's Compensation Act which is and has been working well and increase both benefits and coverage to meet the National Commission's recommendations.

This position is consistent with my philosophy that Kansas should act, wherever possible, to avoid federal intervention in those areas best handled by the state. It is in the best interest of Kansas to retain control and act to upgrade our workmen's compensation laws.

Workmen's compensation is an employer-financed, state-administered program to provide loss-of-earnings compensation and medical treatment to employees who suffer work-related injuries. It also provides benefits to dependents if death results from the injury.

A primary goal of a Workmen's Compensation Act should be to provide adequate compensation to an employee who is off work due to a job-connected injury and help him return to the labor market through medical care and vocational rehabilitation. Benefits under our present Workmen's Compensation Act are sub-standard and should be increased to a more realistic level. The maximum benefits paid to injured employees is \$56 per week placing Kansas 49th among the states.

Traditionally, the American approach has made it incumbent upon the employer and his insurance carrier to provide workmen's compensation benefits. State government should not assume this liability in any form. Under no circumstances should this burden be borne by the Kansas taxpayer. I will veto any measure that proposes to shift the funding of this program from private industry to the Kansas taxpayer.

Any new workmen's compensation legislation should give increased benefits to the injured workman and should not limit his right to recover those benefits. It should not contain complicated rules and procedures that breed litigation and otherwise make it difficult for an employee to recover benefits. I will veto any bill that fails to meet these objectives.

Any change made to the Workmen's Compensation Act must be fiscally sound. Kansas enacted one of the first Workmen's Compensation Acts in the nation. While many aspects of our laws have served as models for other states, benefits have not kept pace. This situation should be corrected.

Insurance

1. Self-Insurance Fund.

Recognizing the state's largest investment in buildings and equipment, the last session of the

Kansas Legislature created a \$2 million self-insurance reserve fund. This is less than the \$10 million self-insurance fund I proposed, but it is a start toward self-insurance and it provides a foundation upon which to build a financial reserve that would enable the governor and legislature to meet the economic demands of major state property loss without sacrificing necessary governmental services. As yet, however, it is only a foundation. The present fund would not provide the necessary resources to overcome a major casualty to state property not covered by commercial insurance. Thus, the legislature continually should review this fund in an effort to develop and maintain it at an adequate level.

Creating this self-insurance reserve fund, however, raises the question of whether it is necessary to continue the state self-insurance fund created by the 1971 legislature session. This fund is applicable only to property under the care, custody and control of the Kansas Board of Regents and, to a large extent, is duplicated by the broader scope of the 1973 legislative action. In view of this duplication, this legislature should give serious consideration to repealing the statutory provision creating such a fund, specifically K.S.A. 1972 Supp. 75-4115 to 75-4124, inclusive, and transferring any monies in the fund to the state emergency fund.

2. Credit Insurance.

By enacting the Uniform Consumer Credit Code, the 1973 legislature enabled Kansas to join 43 states whose statutes regulate credit life and credit accident and health insurance rates.

The Kansas Insurance Department has adopted the necessary regulations to implement these rate regulatory provisions. As a result, Kansas citizens will save an estimated \$2.5 million annually in the cost of credit life insurance; the coverage under credit accident and health insurance policies has been substantially improved. This kind of legislative action coupled with administrative initiative and direct public benefit is democracy at work.

3. Crime Insurance.

In my 1973 legislative message, I outlined the efforts being made by Commissioner of Insurance Fletcher Bell and myself to implement the federal crime insurance program in Kansas. These efforts were successful. Federal crime insurance became available to Kansas citizens effective April 1 of last year. While I am philosophically opposed to the funding mechanism embodied in this program, it is important that Kansas citizens have the opportunity to purchase crime insurance coverage from the federal facility if they desire. Consequently, they now have this opportunity and as of November 30, 1973, 50 federal crime insurance policies had been issued to Kansas residents. Of these 50 policies, 17 were written on residential properties. The remaining 33 provided crime insurance coverage for commercial enterprises.

4. Flood Insurance.

Again this past year several of our Kansas communities were flooded. The Governor's Office and the Kansas Insurance Department repeatedly have attempted to inform Kansans of the economic protection available through the federal flood insurance program. We will continue our efforts. Again, I urge each legislative member to join in these efforts. While the number of Kansas cities

eligible for participation in this program is increasing and now stands at 17, we must continue to avail the program's potential to other Kansas communities and citizens.

Social Rehabilitation

Kansas government is committed to providing for those who are judged to be truly needy, persons unable to care for themselves. It is part of our Kansas heritage to be concerned for our neighbors. My recommendations to this legislative session are designed to continue this commitment; however, my recommendations also provide for strict administration of the welfare program to guard against those who attempt to take advantage of it.

Throughout this administration, I have worked to reform the welfare system. We have made great progress. In 1972, Kansas voters approved the executive article authorizing the governor to reorganize the executive branch of state government. I had long sought this authority and moved rapidly to respond to the people's mandate for significant reform and more uniform policy interpretation.

Accordingly, I issued Executive Order No. 1 to the 1973 legislature. This order provided for far-reaching changes in the welfare department. A new Department of Social and Rehabilitation Services under a cabinet-level secretary's direction was created.

Reorganization has provided for:

1. More efficient and economical use of state tax dollars and a coordinated effort for maximum use of federal monies.
2. Improved coordination of services in welfare, hospitals and vocational rehabilitation.
3. Elimination of duplicating services within the previous three department divisions.

I also recommended that the state assume full responsibility for financing and operating the welfare program. This proposal was adopted with the following results:

1. Increased efficiency through better staff use.
2. Improved quality control.
3. More complete accountability as a result of well defined authority.
4. A greater degree of uniformity in implementing welfare policies.
5. Reduced property taxes at the county level and prevention of property tax increases for welfare purposes.
6. Freedom to county commissioners of the burden of administering county welfare programs.

Even though we should not be satisfied, the tougher administration, tighter controls plus generally good economic conditions during the past 18 months have had a positive effect in lowering the number of persons on welfare.

Aid to dependent children (ADC) numbers have decreased from 78,851 in August 1971 to 67,753 in December 1973. This represents a 14 percent decline in the ADC program. This compares to a less than three percent national decline. In the overall program the number of persons has dropped from 115,898 in August of 1971 to 90,022 in December of 1973. This represents a 22 percent decline.

These are positive changes in the number of persons on welfare, but we cannot be satisfied. There still are improvements needed to develop a tougher program.

One of our goals in administering welfare is to reduce the number of errors which result in payments to ineligible persons or overpayments to eligible persons. Determining ineligibility of a person applying for welfare is intertwined closely with federal directives and mandates. Unfortunately, there has been little progress by the federal government in clarifying or standardizing requirements. We cannot afford to wait on the federal government; we should act to give the State Department of Social and Rehabilitation Services tools with which to work to eliminate errors.

There are three areas of eligibility determination -- so-called "income maintenance" -- which are addressed in my budget and legislative messages. These areas are (1) unreported income; (2) child support payments; and (3) housing allowances. Incorrect reports by a welfare applicant on any of these items and errors can result. We are working to combat errors in these areas.

1. Unreported Income.

The Kansas welfare program stresses that physically able persons should work; 20 percent of the persons receiving aid to dependent children are working. To determine whether persons receiving welfare aid are working and not reporting additional income, our administration supported centralized payment of all welfare checks. Through this system, it is possible to match the master file with other states, with the employment offices, and with the state payroll to weed out violators.

2. Child Support Payments.

The problem of forcing fathers who abandon or leave their families to support their children financially has been recurring and troublesome.

In the past, the absent father has been let out of his responsibilities too easily. We must hold absent fathers accountable for the financial support of their children. The state's responsibility for child support should be necessary only after the father has proved himself incapable of providing support.

In the past, our administration has recommended and supported legislation creating court trustees

who are responsible for collecting child support payments. We also have supported legislation allowing the state to bring suit against a father in behalf of a mother and her children.

The budget I submit today provides for a clearly defined child-support unit within the State Department of Social and Rehabilitation Services. The unit would focus on locating and forcing absent fathers to provide child support payments.

3. Housing Allowances.

Under the present program, there are 12 variables by which allowances for housing can be assessed in determining whether a person is eligible for welfare assistance. My recommendations provide for a uniform housing allowance policy.

In addition to these recommendations, the State Department of Social and Rehabilitation Services, at my request, already has implemented additional steps to produce a more efficient program. The steps are:

1. Special investigative units have been established in both Sedgwick and Wyandotte Counties to seek out persons who may be ineligible or overpaid.
2. A statewide corrective action panel geared to working with errors in the program has been instituted.
3. The department has developed a strict, comprehensive application form in order to gather additional information from applicants.
4. The eligibility manual is in the process of being rewritten with an eye toward greater clarity in policy statements.
5. The department will establish a standardized policy for moderate home value.
6. The department will standardize the method for determining the value of a car.
7. The department will develop a standard procedure for budgeting for step-parent cases.

These are efforts to produce a more efficient and controlled administration of the welfare program, to weed out cheaters and chiselers, so the state may provide fair and adequate assistance to the truly needy. We will continue to carry out our state's commitment to the persons who need help.

My recommendations include:

1. We must continue to upgrade services to the needy, while keeping costs to taxpayers at a minimum. Balancing these interests, I have provided a five percent cost of living increase in welfare assistance payments.

2. Although the adult welfare categories of aid to the blind, disabled and aged were transferred to the federal welfare program January 1, 1974, the state is mandated to supplement adult categories for those on assistance as of December 1973. The state also remains responsible for controlling and administering general assistance and aid to dependent children. (Details are included in the budget document.)

3. Through its rehabilitation and social service programs, the Department of Social and Rehabilitation Services has become increasingly aware of the need to de-institutionalize patients. For many persons there is a better, more productive way to help them function in society other than in institutions. In my budget, I have supported the de-institutionalization program with a recommendation of \$120,000 in fiscal year 1974 and \$1,380,000 in fiscal year 1975.

4. In my 1973 executive order creating the Department of Social and Rehabilitation Services, I stated my interest in creating a division of services to children and youth within the new department. I did not specifically include a division at that time because legal counsel indicated there was a question as to whether or not the executive order could create a new division.

Subsequently, legislation providing for the establishment of a division on services to children and youth was introduced. I recommend prompt action to provide a statutory basis for this division.

5. My recommended budget for the newly created Department of Social and Rehabilitation Services places an emphasis upon tight administrative control and improved auditing possibility to insure program integrity. In keeping with that move, additional manpower is recommended to help local communities implement nutrition and transportation programs for the aging. The amounts of money which flow through this section require an auditor to work with the local communities to make sure the money is spent properly.

6. Additional positions are recommended for the Medical Services Section. These positions are geared to carrying out the mandates of utilization review -- a program in the nursing homes to make certain the state is paying for a level of care appropriate for the patient's illness. I am recommending two positions which will carry administrative and auditing responsibility in the interest of making certain we are getting best possible use of the tax dollar. This is an area which needs constant surveillance to guarantee the taxpayers that we are getting the proper services for the dollars spent. The recommended manpower will help achieve that goal.

Penal Reform

Many progressive changes have occurred in the Kansas penal system during this administration.

Some of these major changes include:

--Full implementation of the work-release program. As of November 1973, we have 35 persons on work-release at the Kansas State Industrial Reformatory, six at the Kansas Reception and Diagnostic Center, six at the Kansas State Penitentiary, and one at the Kansas Correctional Institution for Women -- making a total of 48 presently employed. Participants involved in the

program partially support themselves and their dependents. The work-release participants are employed in various work skills including: construction, welding, auto mechanics, service station attendant, carpenter, TV and radio repairman, and various industrial jobs.

--At Lansing and Hutchinson, academic programs continue to improve and gain inmate participation. There are 21 participants on work-study at Hutchinson Junior College with an overall grade average of "B".

--The home visitation program has provided for a total of 51 visits. This, in conjunction with the work release -- 48 hour pass program, has proved to be a great tool for rehabilitation.

--When completed, the Kansas Correctional-Vocational Training Center will provide a new form of treatment in a secure, but relatively tension-free atmosphere. Young offenders will be offered safe custody and provided vocational, academic, social, recreation, religion and industrial training and guidance. This is a new concept in corrections.

Construction of the \$3.5 million facility began June 23, 1972. Due to poor weather conditions in the 1972-73 winter, construction was interrupted for several months. The building contractors show construction to be approximately 85 percent complete with a projected completion date of April or May of this year.

--Plans are underway with the Special Projects Section of the University of Kansas to implement a pre-release program at the Kansas State Penitentiary at Lansing for persons 90 days prior to parole or conditional release. This program would be funded through a grant from the Governor's Committee on Criminal Administration. The program would include all aspects of preparing a person for release, including such items as contracts, financial institutions, knowledge of community and government resources, employment requirements, consumer education and several other categories. A successful program could be extended to other institutions.

--Another advancement has been the implementation of the Interstate Corrections Compact during 1973. This compact allows states to exchange inmates when it is desirable. For example, a native Kansan incarcerated in another state may be exchanged for an inmate in the Kansas penal system who is from that state. This permits closer family contact and increases the prospects for rehabilitation.

While a number of states have passed similar legislation, it is necessary that a contract be entered into with each member state according to individual state restrictions. Kansas has exchanged three inmates with Missouri under this compact. Negotiations are underway with Iowa, Colorado, and Arizona for a contract agreement.

The long-term advancement and improvement of the penal system is largely dependent upon attracting young, dedicated and highly trained men and women into correctional forces.

I recommend that the legislature as early as possible remove the statutory limitation on the salary of the Director of Penal Institutions and give the Governor authority to set the salary subject to approval by the Finance Council.

The penal reform code enacted in 1973 which becomes effective July 1 of this year contains many positive changes for the Kansas penal system. However, there are some aspects of the new code that need attention. This legislature should review and amend the act to make any necessary revisions.

Health Maintenance Organizations

In my message to the legislature last year, I stressed that in view of growing interest in establishing health maintenance organizations it is essential that state legislation be designed to meet their unique features.

A health maintenance organization provides health care services, either directly or through arrangements with other organizations to persons enrolled on a prepaid basis. They provide those health care services which subscribers might reasonably require to be maintained in good health. They provide physician services and minimum services, including emergency care, inpatient hospital and physician care, ambulatory diagnostic procedures and treatment and preventive health care services.

Rising cost of health care services and our unceasing obligation to seek improvements in health care delivery system make it imperative that legislation be enacted permitting health maintenance organizations in Kansas and providing for their operation and regulation.

Presently, Kansas has no statutory framework tailored to the supervision of health maintenance organizations. Licensing, contract and rate regulation, and other supervision, to the extent possible, is being carried out under our general insurance laws mutual non-profit medical service corporation statutes, other special statutes, or not at all. Many provisions of our existing laws are inapplicable. Others are highly restrictive.

The findings of the Special Committee on Health Delivery Systems concerning Health Maintenance Organization regulation should be carefully considered by this session of the legislature.

Mental Health

Among our important health resources in Kansas are the mental health clinics in various parts of the state. These clinics, funded by local tax dollars, supplemented by contributions, patient fees and federal grants, are in financial jeopardy because of a reduction in federal commitments.

No action should be taken until the Department of Social and Rehabilitation Services undertakes its planned computerized cost accounting analysis of mental health clinics. Upon receiving the department's report, the legislature should consider ways and means of supporting the important work of these clinics. We should not permit mental health services in Kansas to be eroded.

Human Rights

In 1971, the legislature amended Kansas laws regarding hiring procedures to provide that only the top five persons on the State Civil Service eligibility lists could be referred to hiring supervisors.

The amendment has proved to be a barrier to minority persons seeking employment in state government.

At the November 1972 state meeting of the National Association for the Advancement of Colored People, Kansas State Conference of Branches, a resolution approved by the conference called for repeal of this so-called "top five" law, but also stated that "no intent to discriminate was intended by the passage of this legislation, but minority hiring experiences since its enactment indicated an urgent need for corrective action."

In 1973 I asked that the so-called "top five" law be modified so that the effect of the civil service law will not discriminate against any group. The legislature failed to act. I again urgently request modification of this law.

Constitutional Revision

Since the early days of our administration, I have recommended revising outdated articles in the Kansas Constitution and reforming the constitution to meet the needs of the people of Kansas in the 1970's and the future.

I recommended the Kansas Legislature submit to Kansas voters the following amendments to the constitution:

1. A lid on state government spending which I have recommend. The constitution should be amended to 1) grant the governor authority for line-item reduction veto, and 2) grant the executive branch authority to withhold spending even though the funds have been appropriated.
2. Public financing of political campaigns as outlined in the section on election reform.
3. Initiative for constitutional change. Last year the voters of seven states voted on issues placed on the ballot by citizen initiative rather than by legislative action. Fifteen states allow voters to propose constitutional amendments through use of the "initiative." All of our neighboring states provide for the "initiative" process. Kansas citizens should enjoy this same opportunity.

Essentially, "initiative" provides that if a certain number of persons petition the state for a constitutional question to be placed on the ballot, that question will be placed on the ballot at the next general election. The required number of signatures usually ranges between eight and fifteen percent of those voting for statewide office in the previous election.

The "initiative" procedure should be available to Kansas citizens in the matter of constitutional amendments. In an ever-changing and complex society such as ours, more public participation would be in the best interests of the people of this state.

An amendment to the Kansas Constitution is necessary to provide for the "initiative." The legislature should submit such a proposition to the voters at the next general election.

4. Revision of Article 2, Section 14. The Kansas Constitution requires that every bill and joint resolution passed by the legislature be presented to the governor within two days and that the governor must act on a bill within three days. The volume of bills passed each session places a great burden on those persons involved in processing bills and an equal burden upon the governor to review all bills and act on each of them within the period set by law. In 1973, 417 bills were subject to this review process.

I recommend the legislature submit an amendment to Article 2, Section 14, of the Kansas Constitution to allow 15 days for a bill to be presented to the governor, and that the governor be allowed 30 days in which to act on a bill.

5. Revision of Article 11, Section 1. The uniform and equal rate of assessment and taxation clause should be amended to permit separate classification of motor vehicles. If such an amendment were approved it would be possible to assess all vehicles in the state equally by type and age. This is a needed tax reform.

6. In 1971, I urged the Kansas Legislature to propose an amendment to Article 15, Section 3 of the Kansas Constitution. The amendment would exempt bingo sponsored by charitable, benevolent, religious and veterans organizations from interpretation that it is a lottery and thus illegal.

The legislature ignored my request and instead attempted to alter the law without altering the Kansas Constitution. The law was ruled unconstitutional.

Again, in 1973 I renewed my request for an amendment to the Kansas Constitution regarding bingo. The legislature again ignored my request.

Again, I urge the legislature to give Kansas voters an opportunity to approve or disapprove the proposed amendment.

The bingo proposal which I have recommended should be decided by the voters as soon as possible.

Executive Reorganization

One of the primary thrusts of our administration over the years has been reorganizing state government to make it modern, streamlined, efficient and economical.

Since we first took office in 1967, we have come a long way toward reshaping the executive branch of state government.

In 1972 we won a major victory when the voters gave the governor authority to reorganize the executive branch.

Using the authority granted the governor in this act, we have reorganized the State Department of Social Welfare into a Department of Social and Rehabilitation Services administered by a cabinet-level secretary.

We have also reorganized the departments of revenue and administration, now administered by cabinet-level secretaries.

My recommendations are as follows:

1. Continuing to exercise my responsibility and following the recommendations of the Kansas Commission on Executive Reorganization, I will send to the Kansas Legislature an executive order reorganizing the State Department of Health. The order will abolish the Board of Health and convert the director's position to that of secretary to be appointed by the governor, subject to confirmation by the Kansas Senate. The order also will grant to the secretary authority to appoint an advisory board if he deems it necessary and desirable.
2. I recommend establishing a Division of Planning and Research in the Department of Administration. State government's increasingly complex responsibilities have created a need for strategically located planning and research to assist various state agencies in developing plans, coordinating planning activities, providing timely information on federal grant programs and analyzing the impact of policies on the state budget. A planning and research staff could analyze the impact of individual programs on one another and anticipate emerging problems and demands. While some personnel and functions can and should be transferred to the proposed new division, legislation will be needed to bring this division into being.
3. I recommend the legislature abolish the Office of State Auditor, transfer the functions of the auditor's office to other appropriate offices, and make the state treasurer an office appointed by the governor subject to confirmation by the Kansas Senate. While the Kansas Commission on Executive Reorganization recommended abolishing both offices, we should retain the treasurer's office until more study can be given to appropriately distributing the treasurer's functions. There is no justification to retaining the treasurer as an elective office.

Probate Reform

In my 1973 legislative message, I referred to a study of Kansas probate law and procedure being conducted by a special committee of the Kansas Judicial Council. I urge the legislature to consider the committee's report.

Probate reform is desirable and necessary. Idaho and Wisconsin have made extensive revisions in their probate laws and procedures in an attempt to reduce costs and eliminate delays. Kansas should move forward in this area.

Reapportionment

Legislative reapportionment confronts many states today. Kansas is one of them.

Two primary factors affecting reapportionment are the inability of those initially delegated the responsibility of reapportioning to complete their task, and the repeated court challenges to reapportionment plans.

Legislative reapportionment must be removed from the partisan considerations of those affected. Seven states have achieved this end by establishing a citizen's board or committee to prepare reapportionment plans. Their success in surviving court review appears to be better than the legislature's. Therefore, I recommend the establishment of an independent citizen's commission on reapportionment for Kansas.

State Employee

I recommend that a general salary plan revision be approved effective in July that increases each step of the state's Civil Service salary ranges by 5.5 percent with a minimum increase of \$25 per month. Continuing national inflation has eroded the state's competitive position in the labor market creating problems of recruitment and retention. The \$25 recommended minimum increase recognizes the fact that inflation most severely affects the lowest paid employees. In a number of instances, I am also recommending that statutory ceilings of certain administrative positions be removed and that such salaries be established with approval of the State Finance Council. These statutory ceilings severely restrict the appointing authority in carrying out executive responsibilities. I also recommend uniform per diem compensation for state board and commission members.

Investment of State Funds

As stewards of the public's money, it is our obligation to maximize the return on investment of idle funds. But in doing so, we must minimize potential losses, enhance the state's economic well being, and insure accountability for investment decisions which are made. These purposes could best be accomplished by reconstituting the investment board and by revising the statute governing investment practices.

1. I recommend that the investment board be composed of the lieutenant governor, as chairman, the state banking commissioner and the secretary of administration.
2. I further recommend establishing a pooled money investment account of not less than \$1 million. The board should have authority to compute a compensating balance in each account to reimburse banks for their services. The board also should have authority to invest money in excess of the compensating balances in a variety of investments.

Communications System for State Government

The legislation passed in 1972 reorganizing the Department of Administration, which was the first phase of our executive reorganization program, required that a statewide study of communications systems be conducted. Such a study was completed and submitted during the final days of the 1973 legislature. The study provided for the first time an estimate of the true

scope and importance of communications in a state government.

I have provided in the budget a position in the Department of Administration which will permit the appointment of a highly-trained professional to assist in developing a communications system.

State and Local Purchasing Program

There is evidence that savings are possible by allowing local governments voluntarily to be assisted by the state purchases division.

The Kansas Advisory Council on Intergovernmental Relations (ACIR), conducted a survey which stated: "There should be some way in which local governments in Kansas could purchase commonly used items and commodities at prices given the state through the State Division of Purchases -- if it can be shown that there are substantial savings possible through such a procedure." Eighty-one percent of the individuals polled agreed with this statement.

I again recommend legislation that would enable cities, counties, special districts, schools and any other qualified political subdivisions to use the services of the state purchasing program on a voluntary basis. At the outset, I recommend only certain items be included in order to test the merits of such a program. If successful, the scope of commodities available could be expanded.

Investments

In 1973, I asked for amendment of Kansas law (K.S.A. 9-1101) to allow state banks to invest in State of Israel Bonds. The legislature failed to approve such an amendment.

There is an active market for State of Israel Bonds. Simply because Kansas law regulating the banking industry is silent on the subject, state banks of Kansas are prohibited from investing in State of Israel Bonds. I once again ask for an amendment of Kansas law to make legal such investments.

License Plates

The Kansas State Industries has advised that due to a continuing decline in prison population and increased emphasis on certain treatment programs, available personnel has been severely restricted for assignment to its license plate factory.

Based on its present capability, the penitentiary is unable to produce the license plate requirements for calendar year 1974. Moreover, the penitentiary has recommended that the license plate factory be phased out during the next fiscal year or when an orderly conversion can be made for procuring license plates from other sources. As a result, the state has been forced to contract out the balance of the license plates required for calendar year 1974.

Approximately 2.3 million license plates are required each calendar year. In the past year, the penitentiary has produced these plates for 18.5 cents each. The current contract cost of procuring

license plates from an outside vendor is 26.9 cents per plate. Due to inflation and increased costs due to a metal shortage, it is anticipated that the future cost per plate will significantly higher.

Therefore, I recommend that the legislature consider amending the present statutes relating to manufacturing and issuing license plates to provide authority to procure license plates from private vendors, and further to provide for a multiple-year license plate. A multiple-year license plate should result in a substantial cost savings to the state as well as a conservation of raw materials.

Conclusion

My legislative and budget messages reflect the needs of Kansans. They are alert to the needs of the people -- and to the will of the people.

My legislative and budget recommendations can be enacted without a tax increase. We must continue to hold the line on taxes and spending.

During the last legislative session, working together, we accomplished a great deal. This year, working together, we can do even more.

We have been elected to serve the people. We have a responsibility to provide a better future for our children and their children. Let us do it while we can.

George Bernard Shaw, the English dramatist and essayist, said: "Life is no brief candle to me. It is a sort of splendid torch which I have got hold of for the moment and I want to make it burn as brightly as possible before handing it on to future generations."

We can make the torch burn brightly in 1974.

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