

MAINE STATE LEGISLATURE

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ACTS AND RESOLVES

AS PASSED BY THE

One Hundred and Second Legislature

OF THE

STATE OF MAINE

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Biennial Message
of
Governor John H. Reed
to the
One Hundred and Second Legislature
January 7, 1965

BIENNIAL MESSAGE OF JOHN H. REED, GOVERNOR OF MAINE,
TO THE JOINT CONVENTION OF THE ONE HUNDRED AND SECOND
LEGISLATURE OF THE STATE OF MAINE

January 7, 1965

Mr. President and Members of the 102nd Legislature:

We meet today in the hall of this historic House to chart a course for the future of the great State of Maine.

To each of us the task ahead is an exciting challenge.

Upon each of us falls the solemn responsibility to discharge our respective duties in such a manner that we may be truly worthy of the trust and confidence bestowed on us by the people of Maine.

I am pleased to welcome you to the Capitol for this session. Some of you are long-time members of this esteemed body of government and the surroundings are familiar ones. Many of you have taken seats here for the first time and legislative service is a new experience.

This year marks the beginning of my second decade in elective office at the state level. I look back on these years with fond regard for the associations I have had with Maine Legislatures.

I can assure you I look forward with equal eagerness to working with you during the next two years in a determined effort to meet and solve the problems that currently confront our state.

I come before you today on a specific assignment—to report on the general condition of the state and to present my plans for its future development. This is, in a sense, a departure from tradition.

By virtue of the change from two to four years in the term of the Governor, it is incumbent upon me to submit a program and a report to the Legislature at the commencement of the second biennium of my current term.

This I shall do in a single message which includes budget recommendations and, as an addendum, the record of my stewardship during the past four years.

For five years I have devoted myself as Chief Executive of this state to the fulfillment of a goal which all Maine people hold dear—the development of our natural and human resources to the fullest extent in order that we may achieve maximum progress.

The years have strengthened my determination toward attaining this goal. Preceding Legislatures have increased the ability of our state government to more adequately meet the needs of our people. I am confident you will do no less.

We realize that the political composition of this Legislature has been drastically altered from what it has been for over a half century. This is the choice of Maine people and I accept their decision.

What I do not accept is the false premise that partisan differences may now stand between us in our mutual desire to do the best possible job for Maine citizens.

While we may hold differing views as to the best methods for achieving what we seek, in my opinion we do share many common beliefs.

We believe that education is the key to advancement.

We believe that economic opportunity is a basic right of all people.

We believe that human welfare needs must be faced realistically and met adequately.

Finally, we believe that government, to achieve maximum effectiveness, must be responsible with the tax dollars which the people have entrusted to its utilization.

You and I have the opportunity in the weeks ahead to work together for these goals. I pledge my cooperation to you. I ask for yours.

We share an opportunity to write a fresh chapter in the long and glorious history of our beloved state. In her 145th year, Maine calls upon us to display courage and the will necessary to move forward with progressive programs.

Let us, therefore, not fear to work together, rather let us with mutual respect, highly resolve to place the general welfare of the state foremost in all our deliberations.

During the coming months many proposals will be presented for consideration. We must study each carefully. Not all will, or possibly should, meet with final approval, but none can be overlooked for the potential promise they may hold for the future.

What I shall present is more than a Governor's program. It is an assessment, based on my experience and the advice of specialists in state government, of what needs to be done in the coming biennium.

The decade of the 1960's is entering its second half. A great deal has been accomplished, but opportunities are here as never before.

These, too, can be achieved with our help. We have but to reach out for them and this is what Maine people are asking us to do.

THE GENERAL FUND

I am pleased to report to you that the State of Maine is currently in excellent financial condition. The General Fund enjoys a favorable balance and the economic outlook at the beginning of 1965 is good.

Maine, however, has many pressing needs that can be met only through decisive action which is within the power of this Legislature to carry out.

It is my responsibility to recommend to you a plan for such action—a plan I shall call an invitation to greater opportunity.

For the past several months I have weighed carefully the many requirements of the state in the coming biennium. Keeping these foremost in my thinking I have also considered the income sources available to finance both existing and new programs.

Formulation of the budget has not been an easy task and the decisions I reached were, in many cases, difficult ones.

I am convinced that it is vitally necessary for our continued progress to maintain the current level of services which state government is rendering our citizens. The 101st Legislature enacted General Fund appropriation measures totaling \$151,000,000 for the biennial period ending June 30, 1965.

To obtain the same level of services from our government in the next two years I have concluded that appropriations of \$165,787,000 will be needed. This figure represents a \$14,700,000 increase over the present biennium, or an increase of nearly ten per cent. This is due primarily to the same factors that have confronted other Legislatures in recent years.

By statute this Legislature is committed to 100 per cent payment of state educational aid to the municipalities under the foundation program. The state share of this program will increase by \$8,259,000 in the 1965-1967 biennium.

The University of Maine will need an additional \$1,000,000 in basic appropriations to carry on its operations. Retirement costs for teachers' pensions have increased by \$1,364,000. In brief, approximately \$10,600,000 in additional appropriations will be required to meet our educational obligations. As in the past, this figure represents a substantial part of the increase in the total operating costs of the state.

In addition, over \$600,000 will be needed to meet additional retirement obligations and related costs for state employees. State wages, including longevity and merit increases, will amount to approximately \$1,400,000. Services for new state building and facilities will require \$700,000.

There is also needed approximately \$1,230,000 more for bond retirement and interest. I would point out to you that each of these increases is the result of action taken by previous Legislatures. There are, of course, other adjustments of a minor nature which I will not take time to list here.

The major items I have referred to, however, constitute nearly the entire \$14,700,000 increase in operating costs of the state. A detailed explanation will be found in your Budget Document. I shall present to you my recommended method for financing the General Fund Budget later in this message.

I would direct your attention to the fact that by effecting the strictest economies I have been able to reduce the Part I Budget from a total figure of \$173,441,000, submitted to me in the form of requests by the various state departments and agencies, to the amount of \$165,787,000 which I am recommending to you as the basic appropriation.

This is a reduction of \$7,654,000 and reflects a studied attempt to eliminate all but the utmost essential increases in the Part I Budget. The cutbacks have, in my opinion, been reasonable ones and will in no way impair the ability of the state departments to carry out their assigned missions. Economy in government through careful planning and increased efficiency has always been a goal of this administration.

FULFILLING AN OPPORTUNITY FOR PROGRESS

Maine today is at a crossroads. During the past four years this Administration has tried to serve our people better in each biennium. Times are changing, however—moving forward—and we must be prepared to move forward with them.

To do so effectively requires that we utilize the resources available to state government and implement new programs when the need is apparent and can be substantiated.

I now direct your attention to those areas in which I am convinced we must offer increased services to Maine people. I consider these to be essential improvements for the coming two years.

EDUCATION

It is obvious to all that quality education is of paramount importance to our state. This is why, as Governor, I have done everything in my power to expand educational opportunity for Maine citizens.

The unfortunate fact remains, however, that lack of training and lack of opportunity for training is responsible for many of the social and economic problems that confront us. Providing adequate educational programs is a duty of the state and the opportunity is now before us to more adequately meet this responsibility.

Previous Legislatures have recognized the necessity for full payment of educational subsidy funds to the local communities. I recommend that you follow this policy and appropriate the amount necessary to fulfill the state's current obligation under the law.

Higher Education Study

The citizens of Maine are acutely aware that our rising birth rate in the period between 1947 and the present has placed heavy burdens, not only upon our public elementary and secondary school system, but on our post-high school level institutions as well.

The state has expended millions of additional dollars to renovate, enlarge and operate our state institutions of higher learning. Our private colleges have undertaken expansion programs as well.

In spite of this tangible evidence of the willingness of Maine citizens to meet the needs of our youth at all levels of education, we face a crisis in the immediate future. Maine secondary schools will graduate approximately 5,000 more students in June 1965 than in the previous year. Our public educational institutions must be prepared to receive thousands of qualified young people in succeeding years if Maine is to adequately nurture her human resources.

In order that we may chart a sound course for the future I believe it is imperative that we analyze our present situation in regard to post-secondary education. The last such study was made in 1928.

The time has arrived to look again at our public institutions of higher learning with a view toward improving their utilization to meet the needs of our young people.

I recommend that a comprehensive and objective higher education study be conducted in Maine by persons of professional experience and request you to appropriate \$50,000 for this purpose.

Vocational Education

Post-high school vocational education is essential to developing the skills required by modern-day science and industry. Maine has achieved noteworthy progress in the vocational training field in recent years. Where four years ago a single vocational institution existed in our state, today there are three and plans are rapidly developing for a fourth.

To strengthen the programs in the present schools I recommend an additional operating appropriation of \$250,000 and \$1,122,000 for a Capital Improvement Program.

To provide an operating budget for the Penobscot County area school I ask you to appropriate the sum of \$95,695. In total, these requests represent a substantial increase for vocational education. More important, however, the programs which these funds finance will allow hundreds of our young people to gain the skills necessary to lead more productive and rewarding lives.

Preparation of Teachers

Maine's expanding school population also poses a problem to the teaching profession. Because education has become so important to the success of each individual and his ability to make significant contributions to society, it is essential that we staff our public schools with well qualified teachers.

Our five state teachers colleges are striving to meet this demand. To do so they require increased support. I am prepared to offer these institutions a program which represents a major breakthrough in our teacher training effort and which will place our state well on the road to its ultimate objective of full accreditation of all its teachers colleges.

I ask you to appropriate additional funds in the amount of \$1,500,000 to strengthen the teachers colleges curricula and \$2,615,000 for capital improvements at these institutions during the coming biennium. The capital program includes \$1,523,000 in self-liquidating bonds for dormitory and dining hall facilities. Your favorable action on these requests will give new meaning to teacher preparation in Maine.

Maine Maritime Academy

In Maine we can take pride that our Maritime Academy is recognized as the finest in the nation. As a traditional seafaring state we have long recognized the value of the specialized training afforded young men at this institution.

In recent years the Academy has expanded to meet the demands of a growing population. The Academy's requirements for the coming two years are essential to its continued progress. To provide for adequate growth I recommend an additional appropriation of \$100,000 and capital improvement measures totaling \$321,000.

University of Maine

In consideration of a budget for educational purposes, no institution offers greater concern to the Governor and the Legislature than the University of Maine.

No single institution is linked more closely with future Maine development than the State University.

You and I have a rare chance to establish a standard of excellence for the University which will give every qualified Maine boy and girl a finer opportunity to prepare for competition in this new era.

We have the responsibility to provide for the increased enrollment demands at both the Orono and Portland campuses. I have already included an additional appropriation of \$1,000,000 for the University in the Part I Budget. This amount will not be adequate to fulfill the University's needs during the coming two years.

I recommend, therefore, that a further state grant of \$2,900,000 be made to the University so that this institution, which in 1965 enters its second century of service to the state, may be permitted to go forward at a pace consistent with modern-day trends.

To better serve more citizens it is desirable to have the University program available to a wider geographical area. The capital city is one such location. I recommend the establishment of a commuter branch of the University of Maine in Augusta at a cost of \$30,000. By utilizing existing facilities, 100 students can be accommodated for this modest sum.

The request for additional operating funds is only part of the University's financial problem. A growing University requires an adequate physical plant. In my capital improvement program I have requested a minimum of \$2,442,000 for the capital needs of the University. You may wish to increase this amount.

The foregoing represents the challenge which the University of Maine presents to this Legislature. I am sure that I do not have to remind you that many generations of Maine young people will enjoy improved circumstances if we act favorably.

ECONOMIC GROWTH AND RESOURCE DEVELOPMENT

Stimulating the growth of the Maine economy is a constant concern of state government. The past year has been characterized by a phenomenal expansion in our largest industrial enterprise, pulp and paper production. In addition, several new industries have located in the state and long-time existing businesses have expanded operations.

The state's recent economic progress, however, has not been without setback. Losses sustained in the textile industry and the announced closing of two major Federal military installations by the Department of Defense will severely test the resiliency of our economy.

I am confident that Maine people have the ability to respond in the face of any adversity. State government must, however, be prepared to assist.

Maine needs a program to encourage a faster rate of economic growth. I am prepared to offer such a plan and now submit its major points for your consideration.

Division of Economic Opportunity

The Federal Economic Opportunity Act offers to Maine many opportunities for social and economic improvement. The responsibility for utilizing the provisions of the Act is given to state and local governments. Total Federal funds available for use in activating projects in this state during the coming year exceed \$1,500,000.

I have established by Executive Order a Division of Economic Opportunity within the Executive Department to provide technical assistance to communities and agencies for the purpose of encouraging the fullest possible participation in the provisions of the Act.

Legislation will be introduced to provide funds for the continuation of the Division of Economic Opportunity in order that Maine may gain the maximum benefits which this Federal program offers.

Department of Economic Development

The Department of Economic Development has a sound program for industrial and recreational promotion. I recommend your whole-hearted support of the activities of this Department, with special emphasis on increased advertising. An additional \$50,000 has been budgeted for this purpose.

Maine Recreation Authority

There exists a particular need for greater recreational planning services in Maine. We have but opened the door on this most important economic activity. The success we achieve in realizing the full potential of the state's recreational assets depends in large measure on how well we plan for the future.

To stimulate the development of large recreational projects additional credit will be necessary. I recommend the creation of a Maine Recreation Authority to provide first mortgage loan guarantees for recreational enterprises.

Legislation will be introduced to empower this Authority to extend the credit of the state to those projects that will generate widespread economic benefit.

The loan authority limit will be set at \$10,000,000 and the minimum individual guarantee will be \$350,000. The Authority will provide 100 per cent guarantees on loans covering not more than 75 per cent of the total cost of a single project.

Industrial Building Authority Expansion

The Maine Industrial Building Authority has functioned successfully for a number of years, guaranteeing up to 90 per cent loans on the cost of new industrial buildings.

The granting of public credit to sound business ventures that make significant contributions to the economy of Maine has proved to be a wise policy for state government.

I firmly believe the time has arrived to broaden the scope of the Maine Industrial Building Authority to other fields of activity. Legislation will be introduced to permit the Authority to guarantee up to 75 per cent loans secured by first mortgages on both new and used machinery and equipment.

I also recommend amending the Maine Industrial Building Authority Act to permit guaranteeing to 90 per cent, loans secured by first mortgages on existing buildings for the purposes of purchase, renovation, improvement or expansion.

These two revisions in the Building Authority Act will encourage greater developmental activity by existing industrial firms and will offer a valuable attraction to new industry to locate in Maine.

Municipal Revenue Bonds

A new financing tool is available to the state which, in my opinion, would be a bold new approach to developing industry and recreation.

I recommend that this Legislature take the necessary action to grant the municipalities the power to issue revenue bonds to finance industrial and recreational projects. Such financing has proved successful in other states. It can usher in a new era of dramatic economic growth in Maine.

These bonds would not pledge the full faith and credit of the municipality; the liability would be limited to the property or assets involved in the project.

While the principle of tax stabilization would appear to be a reasonable feature of the municipal bonding authority, I do not favor the inclusion of the property tax exemption which is not a wholly sound economic incentive.

Municipal revenue bonding for industrial purposes is a complex field requiring Constitutional amendment and precise technical legislation. These measures are being prepared and will be introduced for your consideration.

It is my opinion that the new proposals I have set forth today offer the greatest promise for economic development our state has experienced in more than a decade. I strongly urge you to join me in taking this bold stride forward for Maine progress.

I wish at this time to compliment the State Credit Research Committee and its chairman Curtis Hutchins for an excellent job in developing information on this intricate subject.

Parks and Outdoor Recreation

The continued expansion and improvement of our State Park System is of great importance to the growth of Maine as a recreational state. Under the new Federal Land and Water Conservation Act, Maine will be eligible to receive approximately \$2,000,000 in Federal matching funds in the next biennium.

I have given careful consideration to the park projects of highest priority which currently qualify for Federal matching monies. In total cost they represent \$1,228,000. I have recommended in my Capital Improvement program the appropriation of \$712,000 as the state's share of these funds.

In order to meet Federal requirements for eligibility to receive matching funds, Maine must have a comprehensive outdoor recreation plan. Our cities and towns will also be eligible for matching funds provided their projects are contained in the state plan.

To secure the necessary professional services to develop the state plan the Park and Recreation Commission urgently needs additional personnel costing approximately \$80,000. I recommend the appropriation of this amount to permit Maine's full participation in this worthwhile program. Under the planning provisions of the Federal Act, one-half of this amount will eventually be reimbursed to the state.

The popularity of our State Parks and Historic Sites and the heavy demands placed on them each season by citizens and tourist visitors alike attest to their value. I ask you to take the necessary action to provide for their accelerated development.

Keep Maine Scenic Program

The general appearance of the state and its communities vitally affect our economy. In 1962 I established the Keep Maine Scenic Committee to foster cleanliness in outdoor areas and to protect the scenic beauty of Maine.

Thanks to the efforts of this Committee, Maine has received an award from Keep America Beautiful Inc. for having the best anti-litter program of any state in the Union.

Because of the value of this program, I recommend that it be given permanent status. Legislation will be introduced to place the Keep Maine Scenic Program under the State Park and Recreation Commission at a cost of \$43,000.

Forest Resources—The Allagash

Few states have been so richly endowed with the forest and water resources found in the great wilderness regions of Maine. The 101st Legislature created the Allagash River Authority to recommend a plan for the future utilization of these assets. This plan deserves your careful study.

It is my conviction that Maine's wilderness areas should be preserved for posterity with public access. Furthermore, I favor a meaningful plan that provides for state control of the Allagash area. This plan should assure the preservation and practical use of the region.

Power Development

The future development of Maine's vast hydro-electric power potential remains an exciting call to government, industry and technology. Proposals to harness the tides of Passamaquoddy Bay and the waters of the Upper St. John River merit our continued support. There is also the possibility that a power transmission line from Canada may be routed through Maine.

In each of these projects we stand ready to cooperate in securing the maximum benefits for our economy.

Sugar Beet Research

Experimental sugar beet research conducted by the Maine Agricultural Experiment Station and financed by the last Legislature has demonstrated that sugar beets can be feasibly grown in Maine.

The Aroostook County economy needs a commercial sugar beet enterprise to widen and strengthen its base. An allocation has been made by the U. S. Department of Agriculture which requires that a commercial crop be harvested and refined in 1966. It is hoped that commitments made by commercial sugar interests will be honored in time to make this possible.

Research on the growth of sugar beets under Aroostook County conditions is reasonably complete but needs further refinement. It is my recommendation that the work be continued in order that the factual base we have developed may be firmly established.

I request that an appropriation of \$25,000 be made to finance sugar beet production research. We must not default at this time on the substantial investment we have made in bringing this important agricultural enterprise to reality.

Fisheries Research

Maine's commercial fisheries are an important factor in our economy. Scientific advance, foreign competition and consumer demand place heavy burdens on the fishing industry in this state to keep abreast of modern day developments.

The new Federal Commercial Fisheries Research and Development Act provides funds to the states on a 75 to 25 per cent matching basis for fisheries research. I recommend that \$100,000 be appropriated to the Department of Sea and Shore Fisheries for this purpose.

Airport Development

The need for adequate airport facilities in Maine has a direct bearing on our rate of economic growth, both from an industrial and a recreational standpoint. I believe that we should proceed without delay with a major airport development program.

I favor the improvement of the Augusta State Airport to include runway extension, new lighting, and replacement of an inadequate administration building at a total cost of \$1,191,000. A budget request of \$731,000 is included for this purpose in my Capital Improvement program to be matched by \$460,000 in Federal Funds.

The City of Portland is the gateway to Maine. The Portland Municipal Airport's north-south runway is a recognized hazard to the Boys' Training Center.

To increase the capability of this airport through the construction of a new terminal building to better service air traffic to and from the largest population area of the state and to relocate the hazardous runway, I propose a \$1,100,000 improvement program.

I request the appropriation of \$500,000 in Capital Improvement funds for this project. The Federal Government will participate to the extent of \$423,000 and the City of Portland will allocate \$177,000.

In summary, the provision of \$1,231,000 for these projects by this Legislature will improve substantially two of our most vital airports and eliminate a serious safety problem.

THE HIGHWAY PROGRAM

The people of Maine can be justifiably proud of the progress which has been made in our highway system in recent years. The present biennium has witnessed the opening of two vital links in the Interstate System. Other major improvements attest to a wise policy of long range planning and financing which past Legislatures have followed. I recommend a continuation of this policy.

The Highway Fund Budget submitted for 1965-1967 provides for the continuation of summer and winter maintenance, State Aid, Special State Aid and Town Road Improvement at current levels. The budget also provides for salary increases for certain maintenance employees.

A record highway construction program of nearly \$62,000,000 is planned for the 1965-1967 biennium to be supported with Federal matching funds. Highway bonds in the amount of approximately \$11,200,000 will be retired during this period including \$4,000,000 in Fore River Bridge Bonds.

It is recommended that the budget be balanced by utilization of all current revenues, \$1,200,000 from the Unappropriated Surplus of the Highway Fund, and the allocation of bonds in the amount of \$11,350,000 as previously authorized by the Legislature and approved by the voters in referendum.

I would point out that this figure represents all of the bonds currently authorized. A relatively small surplus of approximately \$2,000,000 is also indicated to meet required contingencies including any emergencies which may arise.

The past four Legislatures have provided highway financing not only for the next biennium, but for the biennium following. By this method the Highway Commission has been able to plan and execute an orderly progressive highway program that is contributing to Maine's industrial and recreational growth. To finance the 1968-1969 highway program \$9,600,000 will be needed. I recommend the authorization of bonds in this amount.

Highway financing in our state has always been on a sound basis and I know you share my concern that we continue to follow this course.

LABOR

I have spoken to you of the many important assets existing in the Maine economy. I shall now discuss our most valuable asset—people. The Maine worker, skilled, industrious and adequately protected, is a key partner in developing our economy. The laws which directly govern his personal welfare should be reasonable enough to permit him the opportunity to achieve the goal of a better life.

I am as much convinced today as I was last year and in 1963 that legislative action is needed to correct existing inequities in the Employment Security Law. Legislation will be presented to remedy what I consider to be an injustice to

Maine workers. I urge you to enact a solution to resolve the Employment Security Law inequities as one of the first orders of business at this session.

It has been six years since the minimum wage in this state was raised to its present level of \$1.00 per hour. Since that time our economy, following the national trend, has continued to grow and expand.

In order to permit our workers to share more fully in this prosperity and to meet the increase in the cost of living, I recommend that the minimum wage in Maine be raised to \$1.25 per hour.

The protection of the injured worker and his restoration to productivity is of vital concern to state government. There presently exists a need to improve the Workmen's Compensation Act. Appropriations have not been sufficient in the past to provide for the payment of professional fees, at the discretion of the Industrial Accident Commission, on behalf of the claimant.

Such a provision would insure the employee of adequate representation in proceedings before the Commission and would assist the Commission in rendering the most equitable decisions possible.

To assist the injured worker in gaining re-employment the Commission urgently needs the services of a professional vocational counselor in the rehabilitation field.

I am recommending \$36,000 to accomplish these improvements.

It may be necessary to provide state matching funds after June 30, 1965 to continue Maine's participation in the Manpower Development and Training Act. As the legislative session progresses a more accurate ascertainment can be made of this financial need. The continuation of this program is important.

HEALTH, SOCIAL WELFARE AND INSTITUTIONS

We who are privileged to enjoy the benefits of a productive society have a definite responsibility to provide assistance to those less fortunate than ourselves—to the ill, the aged and the institutionalized.

We must also strive to solve the many problems confronting our society in such areas as youth, mental health, unemployment, and crime.

State government, as the responsible representative of Maine people, has made excellent progress in these fields in recent years. The need exists today to do even more.

To comply with Federal standards in our Family Services Program, to reduce a high caseload level, and to increase our effort to assist families out of chronic dependency, the Department of Health and Welfare urgently needs additional staff.

I request that \$185,000 more be appropriated for this purpose. This amount will generate approximately \$288,000 in Federal funds.

Maine has made a good beginning in providing medical care in its welfare and Kerr-Mills programs. A number of inadequacies do exist which we should strive to eliminate.

We are unable, for example, to provide any medical assistance other than care in hospitals and nursing homes. Present hospital payments are unrealistic. More comprehensive services outside of institutions would be highly desirable.

To substantially strengthen our programs under Medical Assistance for the Aged and Public Assistance I propose the appropriation of \$1,200,000. Favorable action on this request would make available approximately \$2,200,000 in Federal funds.

Most important this means many extra dollars for all of the hospitals in our state. We must not fail to help relieve the crushing financial burden these humanitarian institutions are carrying.

No significant change in foster home care rates for children committed to the state has been granted in ten years. As a result of constantly increasing costs for providing such care it has become more difficult for the Department of Health and Welfare to place these children, especially the handicapped, mentally retarded and problem children, in suitable homes.

In order to raise the average monthly rate for foster home care by approximately \$20 per month I recommend an additional appropriation of \$960,000.

Children placed in the care of the state must be afforded the opportunity to enter society with an equal chance to compete with others. Preserving and strengthening family life and guiding the child to productive citizenship is a prime responsibility of the Department of Health and Welfare.

The caseload in this field has now reached unrealistic proportions and the Department must have increased staff to do an adequate job. I recommend the appropriation of an additional \$100,000 for this purpose.

Some of our committed children have demonstrated the ability for post-secondary education and training. Up to this time the state has been unable to provide such opportunities.

To begin a special education program of this nature on a selective basis, I ask you to appropriate \$24,000. Your action will give these children the necessary training to become responsible, self-supporting adults.

At the present time Public Health Nursing caseloads are such that the Department of Health and Welfare is unable to provide direct nursing services. I recommend that five nursing positions be added to the Bureau of Health at a cost of \$50,000 to permit direct home nursing services in rural areas which will materially assist in reducing the need for institutional care.

MENTAL HEALTH AND CORRECTIONS

State government must fully recognize and accept the responsibility for adequate care of its institutionalized citizens.

It should also emphasize the importance of returning the mentally ill to society in the shortest possible time. Training and rehabilitation in our prison and reformatories should foster a return to useful community life.

Our juvenile problem is well-known. It demands not only continuing preventive effort but also sufficient personnel for a constructive program in our residential facilities.

To more adequately meet these needs I recommend an increased appropriation of \$1,329,000 to the Department of Mental Health and Corrections to provide urgently needed personnel and services. These encompass a wide range of treatment for the mentally retarded, added professional staff at our juvenile centers and increased rehabilitative services at the prison and reformatories.

To give major impetus to existing mental health clinics and community mental health services I request you provide an added \$176,000. To establish a vitally needed outpatient psychiatric clinic in northern Maine I am recommending \$75,000.

I believe we should attempt to relieve the pressure of an ever increasing admission rate in our mental hospitals. To do so I request the appropriation of \$150,000 to initiate a boarding-out program for geriatric patients.

I have carefully considered the Capital Improvement needs related to the overall Mental Health and Corrections program and recommend the appropriation of \$1,091,000 for capital projects. Provided in this amount is \$174,000 for an urgently needed reception and diagnostic facility at Stevens Training Center and renovations to other institutions.

STATE GOVERNMENT

I am pleased to report to this Legislature that the agencies of state government are functioning efficiently and economically. Much of the credit for this belongs to our corps of loyal state employees.

The laws which govern the employment of state personnel should be reviewed from time to time and an evaluation made as to their effectiveness to serve the interests of government as well as the welfare of employees.

I recommend that such a study be authorized by you to obtain the information necessary to determine whether changes are needed to improve our personnel laws. Special emphasis in this study should be given to the areas of salary, classification and the Retirement System. I ask you to appropriate \$50,000 for this purpose.

State Archives

The need has long been expressed for a program to assemble in one location the documents, records and other papers of the state in order that they may be preserved permanently and made available for viewing as a matter of interest and scholarly research.

I have created the Maine Archives Committee to review this need and to recommend the best course of action to follow. As the work of the Committee progresses you and I should give serious consideration to their proposals.

Insurance Study

Early in 1964 I established a committee of well qualified citizens to study the present method of insuring state-owned property. This committee has discharged its responsibilities and their report is available for your study. Legislation will be introduced to accomplish the recommendations of the committee majority which I endorse.

PUBLIC PROTECTION AND SAFETY

State Police

The protection and safety of Maine citizens is becoming an increased responsibility for state government. The principal agency at the state level charged with law enforcement and highway patrolling is the Maine State Police.

The dedicated members of this department render our people outstanding service and deserve more adequate compensation.

I recommend, therefore, the appropriation of \$394,000 in order that salaries in the four classifications of the Maine State Police may be adjusted upward as approved by the Personnel Board. This increase will be shared by the Highway Fund and the General Fund at the usual 75 to 25 per cent ratio.

Highway Safety

Maine continues to be faced with traffic safety problems which bring death, injury and economic loss to our people. We must be relentless in our determination to reduce highway accidents.

I place priority on legislation requiring the installation of safety seat belts in new passenger vehicles beginning with the 1966 models. The value of seat belts is well established and deserves recognition in the form of legislative action.

The Maine Highway Safety Committee will also present you its program containing many worthwhile recommendations to improve our highway safety effort. I ask you to give their proposals careful consideration.

Hunting Safety

Thousands of hunters enter our woodlands each fall and the hunting season is marred frequently by tragic accidents.

In the interest of greater safety I have established a citizen committee to promote safe hunting practices. This committee recommends, and I endorse, legislation to require hunters in the woods to wear sufficient fluorescent clothing to be seen through 360 degrees. This action could save a number of lives each year.

SPECIAL COMMITTEES

There are a number of special committees serving state government on an advisory basis which deserve continued support from this Legislature. These committees are too numerous for me to cite individually.

I would point out, however, that Maine is fortunate in having many qualified citizens willing to give of their time and knowledge in service to these committees which require sufficient financial means to function effectively.

PRESIDENTIAL PREFERENCE PRIMARY

At this time I suggest that Maine give serious consideration to the establishment of a Presidential Preference Primary to give our voters a more effective voice in selecting party candidates for the nation's highest office.

Legislation will be introduced amending our election laws to provide for a primary similar to that conducted in our neighboring state of New Hampshire.

Such a primary, held in Maine on the same day as New Hampshire's would allow candidates to campaign in both states without regard to state boundaries.

To encourage maximum participation by the voters, it is recommended that all town meetings be held on the day of the Presidential Primary. In this way, expense of the municipalities would be kept to a minimum and a much larger expression of popular preference for presidential candidates in each party would result.

VETERANS CEMETERY

Maine has approximately 120,000 living veterans of military service. It has been a time-honored custom for the Federal government to provide a final resting place for those who have served the nation in time of war. As these sites are diminishing rapidly the time may not be too distant when this custom will be terminated.

A Maine veteran desiring burial in a veterans cemetery today must be removed from the state. I believe we should give serious consideration to establishing a centrally-located state veterans cemetery in Maine in order that we may render the proper respect and honor due our fellow citizens who served Maine well in wartime.

THE SUPPLEMENTAL BUDGET

At this point I direct your attention to a summary of the supplemental budget recommendations. They total \$9,631,000 and are detailed by department in this message. In the interest of time I will not refer to them by item.

To recapitulate, however, I am recommending a basic appropriation measure of \$165,787,000 which, when added to the supplemental measure, produces a budget of \$175,418,000. This is the total of the General Fund operating appropriations I recommend you appropriate for the coming biennium.

Supplemental Recommendations

Department	Biennium Amount
Adjutant General	\$ 3,500
Allows department to update biennial reports.	

Department	Biennium Amount
Agriculture	27,469
Permits department to strengthen its overall inspection program.	
Banks and Banking	13,828
Allows department to increase the effectiveness of its Small Loan examination program.	
Economic Development	50,000
Provides additional funds for recreational advertising.	
Education	1,850,876
Provides \$1,500,000 additional operating funds at teacher colleges, \$175,000 for vocational technical institutes, an added \$95,695 for opening of Penobscot institute and \$80,181 for other operating accounts.	
Executive	29,910
Provides needed staff and operating expenses for administration of Economic Opportunity program.	
Finance and Administration	125,052
Provides added positions and related office expenses in the Bureaus of Accounts and Control, Purchases and Taxation.	
Forestry	16,381
Provides two added positions and related equipment.	
Harness Racing Commission	2,800
Provides part-time seasonal help and travel funds.	
Health and Welfare	2,576,000
Provides \$1,200,000 in area of medical aid; \$80,000 for public health; \$1,086,000 for child welfare services and \$210,000 for Welfare Administration.	
Higher Education Study	50,000
Provides funds to finance a study of higher education in Maine.	
Industrial Accident Commission	36,755
Provides added funds to allow the Commission to more effectively administer its program.	
Insurance	17,585
Provides two added positions and related equipment.	

Department	Biennium Amount
Labor and Industry Provides two added positions and related equipment.	18,041
Maine Maritime Academy Provides additional grant to cover increased enrollment.	100,000
Mental Health and Corrections Provides \$46,395 for new Bureau of Corrections; \$34,066 to strengthen the Division of Reimbursement; \$27,325 to establish Division of Food Services; \$221,776 for improvements in the Bureau of Mental Health; \$30,000 for increased Community Mental Health grants; \$46,777 for strengthening Probation and Parole administration; \$150,000 for Boarding Out programs and \$772,761 for essential improvements in operations and staff at the various institutions.	1,329,100
Personnel Provides three added positions and related expenses.	25,551
Soil Conservation Provides additional grant for district activities.	5,000
Sugar Beet Research Provides a continuing fund for sugar beet research. (It is intended that these funds will carry until June 30, 1967.)	25,000
State Parks and Recreation Provides \$19,139 for Parks and Memorials; \$43,600 for the Keep Maine Scenic Division; \$12,493 for the State Museum; \$5,620 for Administration; \$42,734 for the Planning and Engineering Division and \$39,315 for the Division of Outdoor Recreation.	162,901
Sea and Shore Fisheries Provides \$80,000 to strengthen departmental operations and \$100,000 to implement the "Commercial Fisheries and Development Act."	180,000
University of Maine Provides increased grant for operations and \$30,000 for Augusta Commuter College.	2,930,000
Veterans Services Provides funds for making one "limited" position permanent.	5,456
Water Improvement Commission Provides funds to cover planning and surveys.	50,000
TOTAL	\$9,631,205

THE CAPITAL IMPROVEMENT PROGRAM

In addition to providing funds for general operating expenses we must concern ourselves with essential needs in the area of Capital Improvement. The previous Legislature enacted a substantial Capital Improvement program utilizing the bond financing method and monies from the Unappropriated Surplus of the General Fund.

I have assessed the Capital Improvement needs of the state in close consultation with the Bureau of Public Improvements and have selected the Capital projects of the highest priority.

My decision is to recommend the enactment of a Capital Improvement program of \$12,418,000.

The Bureau of Public Improvements will submit a detailed listing of the projects. A summary may be found in the printed text of this message.

Department	Biennium Amount (to the nearest \$1,000)
Adjutant General	\$ 141,000
Aeronautics Commission	1,331,000
Androscoggin State Vocational Institute	579,000
Aroostook State Teachers College	563,000
Farmington State Teachers College	275,000
Fort Kent State Teachers College	451,000
Gorham State Teachers College	1,049,000
Maine Vocational Technical Institute	358,000
Northeastern Maine Vocational Institute	68,000
Washington State Teachers College	96,000
Finance and Administration	1,496,000
Forestry	93,000
Health and Welfare	616,000
Maine Maritime Academy	286,000
Maine Port Authority	88,000
Maine State Police	3,000
Secretary of State	89,000
Augusta State Hospital	195,000
Bangor State Hospital	140,000
Boys Training Center	97,000
Governor Baxter State School for the Deaf	58,000
Maine State Prison	194,000
Military and Naval Children's Home	12,000

Department	Biennium Amount (to the nearest \$1,000)
Pineland Hospital and Training Center	66,000
Reformatory for Men	37,000
Reformatory for Women	64,000
Stevens Training Center	229,000
State Park and Recreation Commission	712,000
University of Maine	2,442,000
Non-Expendable Capital Items	590,000
TOTAL	<u>\$12,418,000</u>

It is estimated that \$10,710,000 will be available in the Unappropriated Surplus to finance Capital Improvements and I recommend the utilization of this source. The remainder of the program can be funded through a self-liquidating bond issue of \$1,523,000, the use of \$95,000 in dedicated revenue and \$89,000 from the Highway Fund.

The self-liquidating bond issue is for dormitories and dining hall facilities at the teachers colleges and in the vocational school program. The Highway Fund allocation is for a motor vehicle registration service and storage building and the dedicated revenue is allocated for renovations to the present Internal Revenue Building.

There are many other desirable Capital Improvement projects that could not be included within the framework of the program I have balanced against the anticipated favorable General Fund Surplus.

You and I, however, must consider the urgency of the total requests from our institutions, teachers colleges, the state university and others.

I have some reservation about the advisability of enacting another major General Purpose Construction Bond Issue at this time. I shall, however, be willing to discuss this possibility with you.

OPERATING REVENUES AND APPROPRIATIONS

The basic appropriation measure	\$165,787,000
The supplemental appropriation measure	9,631,000
TOTAL	<u>\$175,418,000</u>
Estimated General Fund Undedicated Revenue	160,326,000
DIFFERENCE	<u>\$ 15,092,000</u>

CAPITAL

From Unappropriated Surplus	10,710,000
From Highway Fund	89,500
From Dedicated Revenue	95,000
From Self-Liquidating Bonds	1,523,000
TOTAL	<u>\$ 12,418,000</u>

FINANCING THE GENERAL FUND BUDGET

To finance the General Fund operating appropriations of \$175,418,000 for the next biennium, I have given careful consideration to all available revenues.

In my judgment, the most prudent course to follow at this time would be to effect adjustments in a limited number of existing revenue sources and the re-institution of a previously levied tax. As you are aware a major tax increase was enacted by the previous Legislature.

Based on preliminary estimated General Fund Undedicated Revenue of \$160,326,000, there is indicated a difference of \$15,092,000 between revenues and appropriations.

The basic appropriation measure of \$165,787,000 is \$5,461,000 in excess of preliminary estimated revenue.

I have, however, reviewed the General Fund Revenues and, with the exception of net profit on liquor, have made a net increase in the estimates of \$6,159,000. This revision can be justified on the basis of current revenue trends.

The result has provided for basic appropriation needs and has left a balance of \$698,000 to be applied to the recommended supplemental appropriation measure of \$9,631,000.

I have also reviewed the liquor estimated revenues and have increased this amount by \$1,170,000. In addition, I have directed an administrative increase in the bottle price of liquor which will produce an estimated \$1,340,000.

I am also recommending the establishment of five new liquor stores. It is estimated that these stores will produce an additional \$98,000.

The net result of the foregoing adjustments will produce a total of \$3,307,000. To obtain the balance required to finance the supplemental appropriation measure I have turned to two revenue sources which have not been adjusted upward for four years and to one former source.

I propose that you increase the tax on cigarettes by two cents per package, raising the total state tax levied on this item from six to eight cents. An estimated \$5,000,000 in new funds would accrue to the state from this source during the biennium. Three New England States are already at this level of taxation.

I also recommend you consider a four mill increase in the state tax on wild-lands which will produce an estimated \$624,000. This revision is a modest one from a relatively small revenue producing source.

I request you to reinstitute the tax on tobacco at a rate of 15 per cent on the retail price. Such action will produce revenue estimated at \$700,000 in the biennium. With the imposition of this tax, tobacco will be exempted from the present sales and use tax.

Two New England States now employ the tobacco tax as a revenue producing measure. I believe it reasonable for Maine to utilize this source.

The combined revenue adjustments I have outlined will generate a total of \$9,631,000, which is the amount needed to finance the supplemental program.

Providing necessary tax monies is always the most crucial problem faced by any Legislature. I have outlined a recommended course of action and shall at all times be willing to review these or alternative sources with you.

CONCLUSION

The hour has arrived for us to be about our tasks. In conclusion, may I again express my deep conviction that Maine in 1965 stands on the threshold of great opportunity.

We face this session, together, in a spirit of optimism, and with good reason. I renew my pledge of cooperation with you. I ask you to join me now as partners for Maine progress.

At this time I wish to acknowledge the cooperation of Mr. Raymond C. Mudge, Commissioner of Finance and Administration; Mr. Roland M. Berry, Budget Officer; Mr. Niran C. Bates, Director of the Bureau of Public Improvements; their staffs; the heads of various departments and agencies and the several special committees who have assisted me.

I believe you are prepared to apply your best legislative judgment to these proposals. They are worthy and reasonable goals. They spell great promise for the future of Maine.

Above all, these proposals offer progress with fiscal integrity. That motto has been my guiding light throughout my years as Governor of this wonderful state.

And may it be your motto also, as we go forward, with God's help, to build a better Maine.

John H. Reed
Governor of Maine