

ADDRESS
of
LINWOOD HOLTON
GOVERNOR
TO THE
GENERAL ASSEMBLY
WEDNESDAY, JANUARY 10, 1973

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LINWOOD HOLTON

Mr. Speaker, Mr. President, Distinguished Members of the General Assembly of Virginia, Ladies and Gentlemen:

Last year I came before you to ask you to join me in charting a course for the Commonwealth of Virginia—a course which I stated might well affect the lives of generations of Virginians to come. Today we are assembled to delineate our course still further and to plot new destinations on our continued journey.

As we do so, let us remember the historic significance of this session of the General Assembly. This is the first regular short session to be held under our revised Constitution. And I believe this change in our Constitution is constructive in every sense of the word.

Although the new short sessions were not planned as budgetary sessions, circumstances have developed this year—circumstances that are unique to 1973, I think—to make one of the principal questions that we must face the appropriation of approximately \$109 million.

This sum is composed of \$85 million in federal revenue sharing funds, \$19 million of unappropriated funds, and \$5 million from a change in federal aid for the construction of water quality facilities which results in the reduction of necessary state funds for such projects. I propose that we utilize these funds on a highly selective basis, meeting essential, current obligations and preserving options for more careful review in the 1974-1976 budget.

I recognize also that to prolong the session is to place an undue burden on you, and while we do have budget considerations at this session which should not occur at off-year sessions in the future, I think it would set a bad precedent for this session to be prolonged a great deal beyond the thirty days for which our Constitution provides.

The legislative program which I propose to you today is, therefore, one limited in scope but not in substance. It is designed to meet critical needs and master pressing problems.

I believe that it is appropriate to report to you at this time on the status of

capital outlay projects which have been contracted. In the past, you have been justifiably concerned about construction delays in the capital outlay projects which you have authorized.

I am happy to report to you that as of January 1, \$30.9 million of the \$117 million general fund appropriations for capital outlay projects have already been contracted and that by the end of January we will have under contract or received bids on approximately \$75 million of the \$117 million appropriation. In short, we are putting capital outlay funds to use at a faster rate than ever before.

QUALITY EDUCATION

My first proposal is that Virginia fulfill its constitutional mandate of quality education for *all* of its children. Implementation of the constitutional provisions relating to the Standards of Quality for public education is one of the major challenges facing the Commonwealth. In view of the urgency of this matter, I appointed a task force on October 12, 1972, composed of legislators, legal counsel, financial experts, and educators. Each of you has received from me a copy of its exceptional report.

Based on the recommendations of the task force, I believe it is necessary for this session of the General Assembly to: (1) approve a formula which provides for the apportionment of the cost of an educational program meeting the prescribed Standards of Quality, which you have already approved, between the Commonwealth and the local units of government comprising our school divisions; (2) and to appropriate the additional funds necessary to meet the state's share of that cost.

To fulfill these constitutional obligations and to implement many of the concepts outlined in the task force study, I recommend that the General Assembly appropriate \$30.4 million for public education.

As fully established by the task force report, the foundation cost of the Standards of Quality for 1973-1974 should be set at \$640 per pupil in average daily membership. As also recommended by the report, the local share of this cost should be an expenditure equivalent to 82 cents per \$100 of 1970 true property values together with the revenue from the one cent sales tax for public school education.

The basic school aid appropriation approved by the 1972 Assembly and the \$30.4 million now recommended will pay to the localities the full amount that our Constitution requires the state to pay.

By following this course, the Commonwealth will be responding positively and properly to the constitutional mandate and will be providing the financial support necessary for high quality education for all young Virginians. Much of this additional financial support will be for school divisions that heretofore have not had the resources necessary to provide the program envisioned in the

Address of Linwood Holton, Governor

Standards of Quality. For students in these localities, educational opportunities will be improved immediately and substantially.

In effect, what the task force has recommended and what I now recommend to you constitutes a "quality supplement," an equalizer to see that none of our school children is deprived educationally because of where he lives.

Equalization is the major thrust to ensure that any child living in Virginia will have access to a program of quality education. I recognize that some localities will have to make a greater financial effort for public schools; I also recognize that some of our larger urban areas will not receive additional state funds under this proposal. And this thrust will require statesmanship on the part of all of us to make the goal of quality education a reality.

By so doing, we will also put Virginia in an outstanding position of national leadership. As you know, school financing is now being nationally tested in federal courts. By adopting the task force's recommendation, we can avoid such litigation in Virginia and set an example for other states to emulate.

Remember, too, that the time is right for the action advocated. All of our localities are now receiving revenue sharing funds. Though these funds cannot be used directly for school requirements, they will free other local funds which can be used for the financing of public schools.

Let us also remember that the purpose of revenue sharing is to enhance the strength of state and local governments in order to restore a proper balance to our federal system. If we use these funds wisely, if we carry out our proper responsibilities, we will justify the continuance of revenue sharing. By acting here and now, we can attain true progress toward the long-sought goal of quality education for *all* young Virginians.

SALARIES

If we have a mandate to provide quality education for all our public school children, we have an obligation to see that the employees of this Commonwealth are adequately and justly compensated for their services. It is obvious that good government services are dependent upon the quality of the men and women providing them, and that state government must be competitive with the private sector and municipal governments. It is equally obvious that "savings" in this area would be nothing more than false economy.

I am therefore requesting appropriations of \$13 million from the general fund and \$25 million from special funds for state employee classification adjustments and salary increases. These sums are based upon an independent study of classifications and salaries conducted under the direction of your Commission to assist in the implementation of the Governor's Management Study. I am further requesting salary increases for our department and agency heads as well as for members of our judiciary, as was recommended by your Commission.

The Commission has also recommended the hiring of additional staff in the

Senate Document No. 1

classification section of the Division of Personnel in order that a thorough survey can be made of existing job classifications. I urge your acceptance of this recommendation.

You and the committee staffs that serve you are equally entitled to adequate and just compensation. This is particularly true now that the Assembly is meeting on an annual basis and its individual committees are meeting throughout the year. The question of your compensation and that of your staffs merits careful attention.

Accordingly, I request that you grant me the authority to establish an independent study commission, composed of private citizens of Virginia who are not members of the General Assembly, to investigate this matter and submit its recommendations no later than November 15, 1973. By setting this deadline, the Commission's recommendations can be considered for inclusion in the 1974-1976 budget.

MENTAL HEALTH

Virginia has long lagged behind the nation in the field of mental health. In the past few years, though, we have begun to make true progress; we can become a national model for innovative mental health policies and programs. I am sure you will want to join with me in working toward this laudable goal.

To begin with, I am asking for \$1.9 million to improve our mental health projects on the community level through the Chapter 10 program. I am certain that you share my desire to end the isolation of mental patients in depersonalized institutions; like charity, proper treatment of the mentally retarded or mentally ill begins at home.

In addition, \$4.4 million is being requested to meet the Life Safety Code requirements for our mental institutions. By carrying out the construction necessary to meet these requirements, we can earn substantial federal revenue since improvements in our mental institutions will permit patients to qualify for additional Medicaid funds.

I am also asking that \$8.3 million be appropriated for construction of the Southwest Virginia Training School. The funds were not requested in the current budget because it was not expected that construction plans for this facility would be ready in this biennium. Now, however, the plans are in final form, and we can move ahead.

CORRECTIONAL PROGRAMS

We must improve our correctional programs, and I am requesting two significant appropriations to this end. Mental health community-based programs are proposed as a new supporting effort for released prisoners, and a more extensive community-based penal program is being planned for later action.

These plans include the closing of the state penitentiary in 1978—two years earlier than originally anticipated and at a savings of \$6 million over original estimates—and the use of upgraded field units in lieu of the medium security installations which were previously contemplated.

There is, nonetheless, a pressing need for a new maximum security institution. I am, therefore, asking \$6.3 million for the construction of such a facility at the site already selected in Mecklenburg County.

To facilitate the shift from institutional to community-based correctional programs, I recommend the adoption of a system of indeterminate sentencing. I further propose that we expand the Virginia Probation and Parole Board from three to five members and appoint additional hearing officers and support staff to accelerate the parole of those prisoners ready to be returned to normal life. There is simply no reason—as is the case today—for an eligible prisoner to have to wait an average of two to three months after his parole hearing for his papers to be processed.

I think the need for penal reform—which the above programs can initiate—is obvious when you consider the fact that about 98 per cent of those committed to our penal institutions eventually return to society. Too often, too many return with the same or other criminal habits which resulted in their incarceration in the first place; if we are ever to reduce crime in our society, we must see that our penal institutions are truly correctional, and not merely breeding grounds for future crimes.

WELFARE

Certainly prison reform is one of the nation's major domestic concerns. Another important—and obviously more vexing and exasperating problem—is the subject of welfare reform. It is my belief, as it is most surely my hope, that the new Congress will finally enact a meaningful welfare reform program.

In the meantime, however, I must recommend the restoration of the funds deleted from the 1972 budget. You will recall that these funds were not appropriated because it was felt that the caseload projections were inaccurate. Those projections have proved to be accurate; if these \$5.6 million from the general fund are not approved, we will have no choice but to reduce grant payments to Virginia welfare recipients in the current biennium. Standard allowances for such recipients have not been increased since July, 1970, while caseloads and variable costs have grown. So we must either close the deficit with additional appropriations or reduce the grant levels. I believe the only proper course is the former one.

PROPERTY TAX RELIEF

Another hard pressed segment of our society is composed of our senior citizens. At each of the six recent town meetings held across the state by the

Governor's Cabinet, there always appeared at least one citizen to express righteous—and right—concern about the burden of property taxes on elderly people with low fixed incomes. A means to relieve that burden must be implemented.

Last year the Equity and Real Estate Taxation Study Commission recommended that low income senior citizens be given a property tax credit on their state income taxes or an outright credit if they did not pay an income tax, be they home owners or renters. I ask that you adopt the Commission's recommendation, initiate the proposed relief program now so that it can take effect in 1974, thereby ensuring uniform relief for senior citizens throughout the Commonwealth.

On the overall subject of property tax, it is clear that this tax must be reformed. Citizens of Virginia pay approximately \$500 million annually in real estate property taxes. There is no guarantee that anyone is paying only his fair share—certainly the citizens of the Commonwealth have a right to expect a high degree of equity. Accordingly, I propose that a commission be established by this Assembly to make an in-depth study of our real estate property tax system.

STATE LIBRARY

I am also requesting approximately \$125,000 for our State Library. It is simply a shame that a state with a historical heritage such as ours has not organized its archives more efficiently. It is a shame, too, that this library has not been better able to serve both scholars and interested citizens in their research. Indeed, of the papers of Virginia Governors, only those of Patrick Henry, Thomas Jefferson, and Thomas Nelson have been published. Although the sum requested is not large, it does represent a large step forward for historical scholarship in Virginia.

REVENUE BONDS

A supplemental appropriation to the 1972-1974 budget is one means of financing deserving projects and programs. Thanks to our revised Constitution, we have another one—the issuance of revenue-producing and self-liquidating bonds under Article 10, Section 9(c) of that document.

I now propose that we utilize the revenue bond provision to provide funds for three undertakings of vital significance to the future progress of this Commonwealth. They are widening of the Richmond-Petersburg Turnpike, the renovation and upgrading of the hospital facilities at the Medical College of Virginia, and a capital outlay program involving projects at eleven separate Virginia institutions of higher learning.

Clearly, we have no choice but to widen the Turnpike; to do otherwise would be an open invitation to traffic chaos. The cheapest possible way to solve this problem—and one developed by the Cabinet working together with state agencies—is through the merger of the Richmond-Petersburg Turnpike Authority

into the State Highway Department and the subsequent issuance of revenue bonds backed by the full faith and credit of the Commonwealth.

By widening the Turnpike, we can keep the traffic flowing smoothly north and south, and through its intersection with Interstate Highway 64, east and west. We can also strike a major blow for highway safety. And, since the federal government has agreed, as a part of this program, to construct additional Interstate highway lanes in this part of Virginia's urban corridor, we can make a great stride in unsnarling the traffic congestion of this urban corridor for the foreseeable future.

The Medical College of Virginia has long been known as one of the great medical institutions of the country. The funds derived from a Section 9(c) revenue bond issue of \$82.5 million over a period of years will guarantee not merely that it will remain great, but also that its capacity for service to mankind will be even more substantial.

Among the benefits of this proposed development program for the MCV hospital will be the most modern facilities in obstetrics, gynecology, and pediatrics. There will be new emergency rooms and operating rooms, the finest in surgical facilities and a new central supply room and pharmacy.

In short, we have an opportunity to ensure that one of the most modern medical facilities in America will continue to be located right across the street from this historic Capitol. To fail to realize this opportunity would be to condemn an outstanding medical facility to obsolescence. And that would be a true tragedy.

Finally, I ask your approval of a Section 9(c) revenue bond issue of approximately \$23 million for presently authorized capital outlay projects for institutions of higher learning. The proposed bond issue—which is quite similar to the one you unanimously approved in 1971—provides for the construction of dormitories, student unions, and campus centers. This is surely the least expensive way of financing what you have already authorized.

LOCAL GOVERNMENT

Just as our colleges are growing, so are our communities, and hence so are the complexities of local government. The problems of local government were fully analyzed by the Metropolitan Areas Study Commission, authorized by the 1966 General Assembly and ably headed by Dr. T. Marshall Hahn, President of the Virginia Polytechnic Institute and State University.

Many of the recommendations of this Commission were embodied in the 1968 Virginia Development Act, which provided for the creation of the state's 22 planning districts. By 1972, however, it had become apparent that there was a need to make a thorough analysis of this Act in order to determine whether and, if so, how it might be improved.

For this reason, I appointed an ad hoc committee, again headed by Dr. Hahn. Earlier this month, the committee came forth with its recommendations, and I hope you will consider them with a sympathetic and favorable eye.

I particularly urge you to adopt the committee's proposal to have the planning districts given the power to implement regional programs at the request of their respective member local governments. Surely it is apparent today that many local governmental services can best be provided effectively, efficiently and, above all, economically through a regional mechanism.

What one locality cannot alone afford, can be provided through a concert of local governments acting on a cooperative basis. By restructuring our planning district commissions, local governments will have the managerial, administrative and fiscal tools to resolve successfully areawide problems.

I hope, too, that you will accept the committee's recommendation to have the present state aid formula to planning districts increased to a minimum of \$30,000, and I urge you to concur in the further recommendation that local governments be given the discretion to compose planning district commissions solely of elected officials.

TRANSPORTATION

As an increasingly urban state, our localities are getting increasingly enmeshed in a problem that has long plagued the urban centers of the Northeast and Southern California, namely the transportation of people and goods to and from the urban areas. Whatever the answers to this question, we know that solutions will not be found if we continue to deal with transportation on a piecemeal basis. Highways and ports, mass transit and airport development are all closely related. Yet, in the past, we have dealt with each area on a separate basis.

I now request that for the first time in this Commonwealth, we begin to think of transportation as a unit. Specifically, I recommend the consolidation of the State Highway Department, the Virginia Port Authority, the Virginia Airports Authority, and the Division of Aeronautics of the State Corporation Commission into one unified Department of Transportation. Should this department prove as successful as I expect, then it may be desirable to add other agencies to it.

This department will serve as an umbrella organization to develop a state-wide transportation network utilizing all conceivable methods of moving people and goods within and without the Commonwealth. Planning, investment, and transportation development decisions must be made on a coordinated basis. The Virginia Department of Transportation will provide us with just such coordination and with the perspective and direction to determine where and how we go from here.

ENVIRONMENT

We need the same kind of coordination, perspective, and direction to implement the environmental policies of this Commonwealth. This is not to say that this Assembly and this administration have not been shaping environmental policies in the past. In fact, environmental quality has been one of our chief concerns since we first started working together in 1970.

The point is, though, that we have reached a stage of development in this area where we must go beyond responding to crises and must begin mapping our environmental goals for the future, and the best way to accomplish this objective is through one overall department.

Accordingly, I ask that you authorize the consolidation of certain agencies, now dealing variously with environmental problems, into an environmental division. Specific recommendations of which agencies to consolidate should soon be available from the VALC study authorized by the 1972 Assembly. Through the consolidations effected by this action, the State will have a clearly visible and clearly unified environmental division with the necessary authority to implement our environmental program, to coordinate plans, to carry out the monitoring and enforcement procedures necessary for the successful protection of our natural resources, and to avoid needless duplication and waste.

With such a division, we can map our environmental goals for the future. We can see that the quality of our environment is not only maintained but enhanced. We can ensure that future Virginians can enjoy a life of quality unblemished by contaminated waters and blighted skies. And we can accomplish all this at minimum cost.

Such protection must be provided, too, to see that our land is conserved and used wisely, not wantonly and wastefully. Recognizing the importance of wise land use, you authorized the Division of State Planning and Community Affairs last year to develop environmental criteria that could be used in the formation of a state land use plan. These criteria have been formulated, and I trust you will give careful consideration to the Division's report on critical environmental areas.

The development of our land in an orderly fashion is important not only to us but to future Virginians as well. Nevertheless, in such development, we must maintain a delicate balance between environmental and economic interests. To prolong the controversy between environmentalists and businessmen would be a disservice to our citizens.

A ground on which these forces can be joined is that of power facility siting. We must have power, and we will need more power in the years ahead. At the same time, we must see that future power plant sites and transmission line routes are in harmony with our environmental and land use policies. I believe the most equitable plan for power facility siting involves a two-step procedure.

Senate Document No. 1

Under this plan, the State Corporation Commission would determine whether the need for additional power facilities exists, and the new environmental division would determine where these facilities should be located from options offered by the utilities.

This plan provides fair and efficient decision-making procedures with fixed times for decisions and with guarantees that there will not be intolerable and interminable delays for the utilities. Legislation has been prepared setting forth this plan, and I recommend its passage.

INSURANCE RATES

Lastly, equitable insurance rates constitute a cause behind which we can all unite. In this connection, I urge you to act now on the concept of no-fault automobile insurance; for, as I said last year, this is an idea whose time has come. I believe the best plan is the Uniform Motor Vehicle Accident Reparations Act proposed by the National Conference of Commissioners on Uniform State Laws. I hope you will adopt this plan. I also ask that you repair any defects in the open competition insurance bill passed at the last session.

Today will not be the last time that I will come before you. But today does mark the beginning of the last session in which I will have the pleasure of working with you. As in 1970, 1971, and 1972, I am completely confident that we will again work in partnership for that which is common to us all—the continued prosperity and progress of this hallowed Commonwealth.

The program that I have set forth here today is, I believe, realistic in terms of what can be done in a limited session. If we can carry out what has been proposed in each of these areas, we can then adjourn confident in the knowledge that history will note a great deal more about this session than the fact it was the first regular session to be held in an odd-numbered year. We can be confident that history will not only record the date of the session but its deeds as well.