

ADDRESS
of
MILLS E. GODWIN
GOVERNOR
TO THE
GENERAL ASSEMBLY
WEDNESDAY, JANUARY 8, 1975



SENATE DOCUMENT NO. 1

Commonwealth of Virginia
Department of Purchases and Supply
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Mr. Speaker, Mr. President, Distinguished Guests, Members of the General Assembly of Virginia, my fellow Virginians.

Once again it is my pleasure to meet with you in the cause of the future of the Commonwealth and to renew again the friendships new and old that I have treasured over long association with this body.

This time the circumstances under which we meet are more uncertain than any in recent years. Today across the Commonwealth and the nation, we find economic recession and unbridled inflation which are producing at one and the same time higher rates of unemployment and higher prices.

But let me speak to the session now before us, beginning with a brief report on our joint stewardship:

The first inheritance of this administration was a preoccupation with energy. We met the initial threat of a gasoline shortage by establishing State machinery to ensure as best we could that any inconveniences would be shared equitably among our people.

Alone among the states, Virginia had already established a reserve of fuel oils, against the possibility that the impact of shortages might switch from cold motors to cold homes.

Even as the crisis eased, we established an energy office at a high level in order that we might react quickly to whatever developments were forthcoming.

We were also heirs to a correctional system which suffered from the same ferment that has beset similar systems throughout the nation.

At your last session, we finally achieved the separation of Welfare and Corrections, an idea which has been debated for a quarter of a century.

We resolved the confrontation over the location of a receiving and classification facility, a key to successful rehabilitation.

We placed under contract the first unit of a maximum security installation in Mecklenburg County as the first positive step in many years towards the retirement of the old penitentiary on Spring Street. Meanwhile, we have made improvements there that lifted that facility out of the category of totally antiquated into a reasonably acceptable place of detention.

We installed new leadership and ability at the top of the new Department of Corrections and provided badly needed salary adjustments elsewhere.

We curtailed questionable work release and furlough programs to be more certain of adequate screening procedures. Even with these steps, we are not satisfied and we are seeking further refinements.

Likewise, we are determined that security throughout the correction system shall be generally strengthened and our more dangerous inmates kept confined in order that society may be properly protected. I would not pretend that the corrections program has been perfected. I would contend though it has been turned around and started upward to a position, perhaps, now midway among the states. We must do more.

We have full confidence in the present direction of the Department of Corrections and feel certain that with proper administrative and legislative support we can look forward to the further development of a truly correctional and rehabilitative program. As another evidence of what has been done and of the encouraging outlook, I invite your attention to a progress report by our nationally recognized Consultant on Corrections, which will be distributed to you with copies of this message.

Acknowledgement is likewise due the members of the Virginia State Crime Commission for their dedication to the cause of our corrections system and the many contributions they have made in that area.

I know you share my frequently reiterated concern over the general crime situation. The average citizen is no longer safe in his own home and is fearful of stepping outdoors after dark. We must see that our laws are rigidly enforced and that the guilty do not escape the statutory penalties. I would support even more stringent provisions covering violent crimes.

Along with Corrections, we inherited its reluctant partner, our welfare system, operating under a welter of directives which were producing an unacceptably high rate of error in determining welfare grants.

As a result of legal changes you initiated, we have substituted single flat grants for traditional categorical tabulations, provided authority for cross-checking to eliminate possible fraud, and made plans for central computerized record keeping.

I have directed close and continued monitoring of new

Department of Welfare operations and procedures in the interest of steadily improved efficiency.

We have responded to many other unfolding developments.

We appointed a coordinator to track closely the potential for Virginia and the nation offered by off-shore drilling for gas and oil, with special emphasis on the protection of those portions of the environment which might be affected.

As an adjunct to your own legislative directives, we appointed a special committee on consumer education, in the belief that an informed citizenry is a prime ingredient of any effective consumer protection effort.

By executive order, we have restated the Commonwealth's commitment to an affirmative action program in the employment of minority members and obtained the cooperation of the boards of visitors of our State colleges and universities to take similar action with respect to their faculties and employees.

We reestablished the 55 mile-per-hour speed limit on Virginia highways under new legal authority which you provided. In addition to conserving energy supplies, this has had the welcome effect of reducing serious accidents and our highway death rate.

I intend to continue to stress enforcement of our speed limit and other traffic laws which has brought dramatic increases in apprehensions and convictions in 1974 as compared to the previous year.

However, we must recognize that effective law enforcement requires the cooperation of the motoring public and a high degree of voluntary compliance.

In a series of directives, the authority of the various Secretaries in the Cabinet was outlined more specifically in order that the Cabinet system might operate more effectively.

However, the urgent concern that brings us together is the financing of the Commonwealth for the balance of the current budget period in the light of growing uncertainty.

There are attached to this message for your consideration a number of amendments to the Appropriation Act representing urgent needs which have arisen since last we met.

Before I discuss these, let me offer you some thoughts of my own and, perhaps more importantly, some unmistakable impressions that I have received from our citizens across the Commonwealth.

We must find ways to live within our present resources. A depressed economy will depress our tax collections. Reduced highway travel has seriously affected our highway construction revenues. The flow of Federal funds for various programs continues to dwindle.

And yet our people have made it clear they are in no mood for tax increases, or for general obligation bonds, at the State level.

But while they look to us now for responsible leadership, they would not have us arrest permanently Virginia's momentum.

When the current economic storm has subsided—and it surely will—they will want us to adjust our course again, so this Commonwealth may once more pursue the goal of excellence among the states.

I therefore suggest that we resist the temptation of temporary expedients and secondary sources of revenue.

With a backlog approaching \$200 million in capital outlays already on the drawing board but yet to be funded for construction, and with new priorities which will inevitably arise, we will need to consider every option as we begin to put together our next biennial budget.

A major concern is job security, insofar as we can provide it, for the thousands of loyal and efficient public employees of Virginia, including those in the teaching and other professional fields as well as the rank and file of office workers who man the basic machinery of government.

We give first priority to preserving their employment, rather than to further pay increases, and will do all within our power to preserve the modest provision contained in the present budget to help them partially combat the ravages of inflation.

Our joint concern at this session is to re-examine the budget of the Commonwealth in the light of the needs and conditions that have developed since last we met and to react to them within the requirement that the budget remain in balance. A year ago you devised a budget based on revenue estimates in 1973 which left an unappropriated balance of about \$2.8 million. Revised revenue estimates last October increased that balance to about \$21 million.

In the meantime three major developments have radically changed that optimistic picture.

First, our latest tabulations of expenditures show that various sum sufficient items will exceed the figures estimated in the budget by a substantial margin.

These are items with built in escalation tendencies dictated by developments in the economy itself rather than being limited by specific appropriations.

Secondly, several urgent needs have surfaced, some from cutbacks in Federal matching funds, or from the extension of Federal statutes, some like our corrections system which we cannot allow to fester until 1976.

Finally, changing economic conditions have dictated

corresponding changes in our revenue picture.

Apparently, our tax collections as of July 30, 1975 will be somewhat short of the more optimistic estimates last October. We are predicting that the general economy will bottom out and start upward again in calendar year 1975.

Taking all these factors into consideration, I am offering you a series of adjustments in appropriations.

These and the reduced expenditures I have required of our State agencies allow me to restore a somewhat precarious balance in which anticipated General Fund revenues exceed appropriations by approximately \$372,000 out of a total of almost \$3 billion.

I recognize you may decide that other means of balancing the budget are more palatable than the adjustments I have selected, and this of course is your privilege. My own efforts have not been accomplished without pain.

High among my priorities for additional funds is money to continue the improvements to our corrections system.

With the monies already in the budget we can build a receiving and classification center on State owned land in Powhatan County and a second one in Southhampton County, as recommended by our consultants and the State Crime Commission.

But I must ask that you remove the stipulation in the Appropriation Act that the receiving and classification center be located in Louisa County. An amendment to accomplish this is among those offered to you.

In addition, we are proposing certain salary adjustments to continue to hold and attract top quality correctional personnel. I wish mightily we could do more.

Our Medicaid program is in financial jeopardy from increased health care costs and decreased Federal matching assistance. Even with a reduced scale of benefits and tightened eligibility, we will need approximately an additional \$6 million in the second year of the biennium. This figure is predicated on a change in the Appropriation Act which will enable us to use certain mental health and mental retardation revenues as part of Medicaid payments to the mental hospitals.

Decreases in Federal matching funds will also leave us with a need to raise about \$4 million in welfare funds.

The application of the Fair Labor Standards Act also forced upon us the requirement that we pay certain patient labor at mental institutions the minimum wage and replace others with independent personnel. You provided funds in the 1974 session for an estimated first year cost and directed me to revise the figure at this session. Hopefully, special funds will meet a good portion of the increased cost.

The combination of initial purchase payments and maintenance of the Life of Virginia building on Capitol Street will require more than \$924,000 from the General Fund.

Let this remind us all that along with your own space requirements, you will be facing at the next session the need for an additional State Office Building to provide adequate housing and to save the heavy annual outlays for office space in the capital city now approaching \$2 million each year.

I am also suggesting a few lesser items, including a little over \$224,000 for implementing improvements in the budget preparation and administration and \$180,000 for the Department of Accounts.

We have provided for these changes by our cost-saving programs and by certain budgetary adjustments.

Of equal interest to you will be the priorities which have not been included in the suggested amendments.

There is a serious question in my mind, in the light of economic conditions, whether we could justify a quarter of a million dollars in State funds to pick up certain United Way services such as visiting nurses for which the agency is cancelling support in the localities across Virginia.

After much soul-searching I have also put aside for this session a request for \$625,000 from General Fund revenues and \$1,250,000 from Special Funds to increase aid in the planning, acquisition and development of regional and local parks. This leaves \$3 million in General Fund revenue and \$1,250,000 in Special funds currently in the Budget for this purpose.

There are some needed revisions in the Capital Outlay budget.

You will remember that after reducing capital outlays by approximately \$73 million in order to provide critical operating revenues, you retained in the current budget \$51.5 million from the General Fund. Approximately \$27 million of this is currently under contract.

I am suggesting that you reduce the balance not under contract by approximately \$1.7 million, add \$1.1 million in new projects, and release the balance of \$603,000 for additional operating funds.

The proposed amendments to the Appropriation Act will detail these for you.

I remind you once again that all our carefully laid plans rest on the assumption that the nation's economy, and consequently Virginia's, will turn upwards again in the third and fourth quarters of calendar year 1975.

We offer you these predictions with the reservation that it would require clairvoyance of the highest order to predict when and to what extent the economy will reverse its downward trend. To the

degree that our predictions are wide of the mark, we must take precautions to ensure that our budget remains in balance.

If you are tempted to appropriate more revenue than we have projected, with the thought that you can correct mistakes a year from now, I remind you that a year from now will be too late.

Funds will be committed. Contracts will be let. Localities will have already allocated the 60 per cent of the State's General Fund appropriations which goes to them in one form or another.

By the time you meet again, you will have only three months left of our two-year budget in which to effect savings. As tight as this budget now is, you can easily see how drastic your reforms would have to be.

As you balance on the horns of this dilemma, it may occur to you that the final authority for equalizing revenues and expenditures rests with the Governor. I have already acted to reduced expenditures by some \$40 million over the remainder of the biennium.

Should it appear toward the close of the biennium that forthcoming revenues will fall short of estimates, I will consult with the appropriate committees of the House and Senate in order to determine the most propitious action to ensure a balanced budget.

On other matters, I do not intend to complicate your deliberations by offering unsolicited advice on all legislation to come before you. But since we share the stewardship of the Commonwealth, I feel obliged to express my feelings about some that I consider critically important. I may have occasion to suggest others to you as the session progresses.

The distinguished Commission on State Governmental Management has made a number of constructive recommendations in the course of the past year and some of these will be before you at this session. I hereby express to the Commission the appreciation of the Executive Branch for the helpful work that has been performed and commend its recommendations for your careful consideration.

I repeat that I think the reinstatement of the death penalty for certain crimes is in the public interest and would act as a deterrent. The recommendations of the Code Commission are in the right direction and have my full support.

Through our courts and administrative agencies, we also need to make certain that those who escape, or attempt to escape, from the correctional institutions are made fully subject to the added penalties provided by law and their example serves the further purpose of deterring others.

I reiterate my feeling that the people of Virginia want reasonable safeguards against abusive campaign practices, and I would support reasonable limitations on contributions and additional requirements

for more frequent disclosures.

Depending on future exploration and on a pending United States Supreme Court decision, Virginia may realize tremendous benefits as well as some risks from the development of off-shore oil and gas deposits.

I believe that our environmental laws are adequate to meet any contingency, but I further believe we must strike a reasonable balance between environmental risks and the potential benefits, not only to Virginia but to the nation.

While I do not feel the need for legislation is imminent, I hope you will make it clear that this balance is to be preserved.

This message to you would contain a great void if I did not mention the subject of education. Again, we face a situation dramatically different from nine years ago.

At that time Virginia stood close to the bottom of the states in the percentage of her young people enrolled in college, and throughout our public school system drop-out rates and inequalities were alarming.

We met this challenge with a sales tax which enabled us to pour funds into our public schools and four-year colleges, and to encourage innovative graduate programs, in order that every boy and girl in Virginia might find in our educational system the means to develop to full potential.

Our goal then was quality education at every level. So far as I am concerned, it is no less now.

To that end, I believe we can benefit still further from closer cooperation between our State-supported colleges and the private institutions which for so long have provided so much of our leadership in Virginia. On last November 5th, our people endorsed such an effort.

Recognizing our temporary financial limitations, I recommend that the amount now allocated for loans to young Virginians attending private colleges be converted into grants, in order that we may bridge the gap between State and private tuition in good faith.

I believe there also is great potential in our new authority to contract with private colleges for educational services and a bill will be offered to implement this constitutional change.

In connection with these legislative proposals, I will ask the State Council of Higher Education, in cooperation with the Office of Secretary of Education, to review anew the whole area of student aid with particular attention to the factor of need and submit recommendations to the Governor and the General Assembly of 1976.

One of the areas most sensitive to any change in our energy

picture is our highway system which today is in double jeopardy. Gasoline tax revenues both State and Federal and State titling tax receipts are lower. At the same time, construction costs have increased drastically.

This presents a major concern. We all know so well the incalculable value of the Interstate system and of our own arterial, primary and secondary systems. However, I believe an increase in gasoline taxes at this time would be unwise and that we therefore must adjust our construction timetables accordingly.

There are some interim steps that can provide a degree of relief. For example, the Department of Highways and Transportation is considering the advisability of awarding some contracts this Spring by anticipating a portion of next year's revenues. In this I would concur. Other temporary devices may be developed to help avoid abrupt interruption of highway construction.

Immediately before you with vast long range implications is the question of union membership and collective bargaining on the part of State employees.

I am steadfastly opposed to taking the first step because I am certain, in spite of loud and repeated denials, that it will inevitably be followed by the second and the third, once the initial organizational phase is complete.

I believe the record makes clear our concern for adequate compensation and for attractive working conditions on the part of teachers and other State employees.

We have established comprehensive grievance procedures which provide a wide avenue for every employee to discuss any problem with his superiors, but if there is a need for further refinements, I would be in accord with such action.

In the light of this record, it seems to me it would be up to those who advocate union membership and collective bargaining to show how the public interests would be better served by a change in policy.

I believe the record is equally clear that public employees in Virginia are men and women motivated by the desire to be of service and dedicated to the cause of good government.

To me there is a vast difference between labor disputes in private industry operated for profit, where the results are predominantly economic, and a similar dispute in the area of government where the public health, safety and welfare may be threatened.

I cannot believe that on their own initiative our public employees in Virginia would want to delegate to an outside third party, perhaps residing in another state, the decisions that affect their own future and the course of Virginia government.

And certainly you and I ought not to be a party to so relinquishing our own responsibilities.

In summary then, I ask you to believe with me that our people will, in this winter of insecurity, applaud firm stewardship.

I ask you to join with me and set aside partisanship and politics.

I suggest that we practice fiscal conservatism in this period of uncertainty, and reserve our options for another year.

Thus, I ask you to join with me in our common purpose to do what is best for this Commonwealth.

And finally, I ask you to be realistic but not pessimistic.

Our goals for Virginia today are the same as they were a decade ago—that Virginia continue her forward progress and her upward movement among the states in terms of real services to her people.

The one difference today is available resources.

Certainly the retrenchment that we must undergo is an unwelcome experience, but it need not be totally negative.

It means that we must reassess our programs, re-examine our methods, rearrange our needs in the light of this period of austerity, and apply our best minds and talents to making fewer dollars do the job well.

There is no reason to assume that we cannot move through this period with strengthened appreciation of the essentials and keener ability to dispense with some of the embellishments we once considered indispensable.

As we try to look into the crystal ball, we find it clouded as it has not been for a generation.

If there is any agreement among those we look to for interpretation, it is only on the depth of the problems our country faces.

But we have already faced and overcome adversities far worse than the gloomiest of current predictions.

There remains a great reservoir of strength and talent and determination in this country, fired by an abundant faith, which needs only to be focused on positive objectives.

As we draw ever closer to our nation's Bicentennial, it seems to me that here in Virginia, so rich in the heritage of our nation's beginnings, we share a special obligation beyond that of the peoples of other states.

That obligation now calls on us to set an example once more, an example of sacrifice, firm adherence to integrity and prudent action

under the pressure of difficult times.

Our nation's beginnings as well as our own in Virginia were examples of the lesson that history keeps repeating for us, that man's progress is the record of his triumph over adversity.

Yours is now the challenge to add yet another triumph to the many your predecessors in this body have produced before you.

