

partments and agencies were scrutinized with great care, and in the end, these requests for general fund appropriations were reduced by \$12,660,010.

A general-fund surplus of \$11,917,068 was available at the end of the 1959 fiscal year, and this coupled with an estimated additional \$10,040,038 at the end of the current fiscal year, gives us a total of \$21,957,106 available for future budget needs. The budget which I am presenting will require \$9,722,789 to cover a deficiency between estimated revenues and appropriations, leaving an amount of \$12,234,317. I recommend to you that \$12,000,000 of this amount be appropriated into a revenue deficiency fund, and, if not needed for this purpose, that it become available for use in fiscal 1962.

The impelling necessity for the course I have chosen here becomes apparent if we view the prospects of the years immediately ahead. In fiscal 1961, we will reach a spending level in excess of \$232,000,000. and if to this is added the \$17,000,000 which has been the average annual budget growth of recent years, we can foresee a general fund budget of \$249,000,000 in fiscal 1962. The best estimates available indicate that the revenues for that period will be \$229,469,000, which, as you see, is \$20,000,000 short of expected 1962 requirements. If the \$12,000,000 in the revenue deficiency fund remains intact, it will go far toward balancing the 1962 budget without recourse to additional taxation.

We have completely recovered from the recession, and, barring the unforeseen, we can look forward to a period of expanding economy and financial prosperity. I would remind you, however, that actual general fund revenue for fiscal 1958 was \$8,555,000 less than the estimate made during the 1957 legislative session.

You will recall that the problem of salary increases for teachers and State employees remained unsolved when you adjourned last year. At my request, the Committee on taxation and Fiscal Matters of the Legislative Council conducted a thorough study of this problem. Its recommendations were approved by the Council and submitted to me for my consideration. From my point of view, the Committee's approach to the problem was a sound one in that it rewards teachers and employees with records of long and faithful service and at the same time does not place an unbearable burden upon the taxpayers.

Following the recommendation of this Committee and the Legislative Council, I have proposed in the budget an appropriation of \$4,295,993 for increases to the teachers, including retirement and