

appropriation of \$554,678,069, of which amount \$273,146,408 represents appropriations from general funds. A balance of revenues and expenditures, you will note, is achieved without a change of the tax structure.

I set a goal at the beginning of this term not to raise taxes for State Administration purposes during the four years. And now as we approach the end of the term, it is most gratifying to me to be able to report that this goal will be attained. To be sure, minor tax adjustments were made last year, but as you are well aware, all the revenues therefrom went to Baltimore City and the counties to ease their own tax burdens.

In this connection, I should like to give you some figures which I think are significant—significant in that they illustrate this administration's abiding concern for the financial well-being of our political subdivisions. In fiscal 1959, the last year of the previous administration, general funds distributed to the subdivisions amounted to \$92,229,000, or 50.3 per cent of the total general fund budget for the year. In the budget which I am submitting for next year, this distribution of funds to local governments has jumped nearly 70 per cent, to \$155,800,000, or 57 per cent of the total general fund budget.

While the amount of general funds allotted to local governments rose by 70 per cent, that used for State Government purposes increased by only 28.5 per cent.

Now, while it has not been necessary to modify our tax program to balance the budget for next year, I have found it necessary to use \$6,000,000 of the revenue deficiency fund which we so providently set aside two years ago for harder days we were sure would come. The remaining half of this fund, under my plan, will stay as it is, for, at the current rate of spending, and unless there is a major upsurge in revenue yield over current forecasts, this money will be needed to help finance 1964 operations.

In brief, we will use half the money we put aside for the rainy day we prophesied, which is now upon us, and we will save the rest for the rainier weather ahead which anyone not totally blind to reality can foresee.

Another highlight of the budget which I would call to your attention is the fact that, after deducting an amount for salary adjustments of State employees, approximately 83 per cent of the general fund increase applies to education, health, welfare and correction—areas in which your state government ministers to human needs, and which may be considered as an investment in human resources.