

you to increase the budget of the Department of Public Welfare by \$6,283,650, of which \$2,370,847 is in general funds. The increase is accounted for mainly by heavier caseloads and increased allowances in general assistance programs for such things as food and fuel. The Department of Correction is being allowed a total of \$8,122,119, for an increase of \$258,072. Additional personnel and salary increments account for most of the increase. For the Department of Motor Vehicles, I have proposed the allotment of additional funds, among other things to support its increased activities in financial responsibility, driver control and investigation of violations.

CAPITAL BUDGET

Up to this point, I have confined my remarks on the fiscal program to the operational budget. There are some points in the capital budget to which I should like to direct your attention. In the first place, as a move to halt the upward trend in the creation of new debt, a new policy is being initiated in this budget under which all capital items costing \$25,000 or less will be financed out of current general fund revenues. As a consequence, new debt formation in this budget will be nearly a half million dollars less than it otherwise would have been. I would remind you, too, that despite the heavy demands for capital outlays, the result mainly of the increased population and the urgency to improve our health and educational institutions, Maryland bonds continue to be rated Triple-A, reflecting the excellent credit rating of the State. The strong emphasis we are placing on the education and health of our citizens, so sharply evident in the operational budget, is borne out by the capital budget which I am recommending.

Of the total \$25,119,400 which I have included for some 100 capital projects in fiscal 1965, \$15,330,400 is earmarked for the State colleges and the University of Maryland. This is 61 per cent of the total capital budget proposed and may be compared with the 38.6 per cent devoted to public higher education five years ago. Of the total capital budget, \$2,269,600 is allocated for health, hospitals and mental hygiene, which will provide, among other things, 647 hospital beds, notably among which is the 500-bed facility for the mentally retarded in the Washington metropolitan area.

It is a pleasure to me to state that the members of your two honorable bodies in past years have displayed wisdom and financial responsibility in their consideration of capital appropriations. The magnitude of capital outlays facing the State in coming years calls