

1967-68 BUDGET

The printed budget message which you will receive today shows, in detail, various aspects of the executive budget. It is necessary for me to mention here only a few highlights.

The departments and agencies of State government under the previous administration submitted requests for operating appropriations for the 1967-68 fiscal year of about \$1.1 billion. This budget recommends total appropriations of \$985.9 million from the General, Special and Federal Funds, including a reserve for supplemental budget. After allowing for an estimated reversion of \$2 million for the General Fund, proposed expenditures for the 1967-68 fiscal year are \$983.9 million. Revised income and expenditure estimates for the current year indicate that a surplus of \$34 million will be available for financing next year's budget. After reserving \$3.7 million for the supplemental budget, we have utilized virtually the entire surplus, and current budget estimates indicate that less than \$100,000 in surplus will be available as of July 1968.

Of the total funds in this budget, 83 percent are earmarked for public education, highways, health and mental hygiene, payments to our political subdivisions and public welfare.

Public education accounts for nearly one-third of the total, \$314.1 million.

A detailed breakdown of proposed spending, by categories, will be found on page 6 of the printed message.

REVENUE ESTIMATES

The Board of Revenue Estimates has informed us that the present tax structure will yield \$950 million in State and Federal funds during the next fiscal year. This is \$34 million less than the proposed expenditures.

The estimates break down as follows: General Fund revenues \$462.8 million, Special and Debt Service Funds \$311.5 million, Federal Funds \$175.7 million.

Two factors must be considered in relation to these estimates. First, they are predicated on the continuing high level of economic activity and could be drastically affected by any major shift in the economy. In this connection, we are concerned over the "softening" in retail