

they're functioning in the way that they were intended. Yes, I think it is entirely possible that they may come up with some modifications. I don't know exactly what they would be considering, but I would expect that they will continue to keep the matter under study and I know Mr. Lauber on my staff will keep in close touch with Dr. Cooper and others who are interested in this to make sure that they plan functions in a reasonable fashion.

**Q.** Governor, what effect is the Federal government launching massive programs such as welfare, health, highways and so forth and yet pulling back on some of these funds or congressional reductions having on the fiscal policy of the State?

**A.** It's having a chaotic effect on not just the State of Maryland, but on every state in the country. It's a subject that preempts just about every discussion that begins spontaneously when governors of the country get together. The problem is very simply that these programs are begun — they are overpublicized — they are underfunded — people get used to the "seed money" so to speak, and then the Federal government steps back or out of the picture and leaves the State with the program that's been operational and has interested large numbers of people, and the State has to come up somewhere with the money to do it. In addition to that, in programs like the recent amendments under Medicaid we reach a situation where Congress passes a law which creates a deficit in the current budget. We're looking at about a \$5 million deficit right now in health services, and if we have to provide the same level of services we are facing maybe a \$15 million additional expense next year. We've been left with only one alternative — cutting back on some of the programs that we have a right to cut back on. This new health law at the Federal level provides that we must pay 100 percent of the audited hospital costs, and hospital costs are skyrocketing as everyone knows; they are going up about \$1 a month in Maryland. So where you have a \$77 a day cost in two of Maryland's principal hospitals and the State is stuck with paying those audited costs, we've got to cut back somewhere else in the health program to make money to meet those needs. It's a tough problem.

**Q.** Governor, one of your major appointees in Prince George's County forfeited collateral over the weekend on charges of being drunk in public. Does he still have your confidence in his ability to perform his duties?

**A.** I have the matter under investigation at the present time and expect to take some action on it very shortly.