



MARK O. HATFIELD
GOVERNOR

OFFICE OF THE GOVERNOR
STATE CAPITOL
SALEM

BUDGET MESSAGE

February 9, 1959

Mr. President,

Mr. Speaker,

Members of the Fiftieth Legislative Assembly:

On the 12th of January, I appeared before you to take the oath of office as chief executive of this state. On that occasion, I presented a message which outlined a program for governmental action as we begin our second century of statehood.

I have returned to make budget recommendations that would give reality to that program. Because the budget is a precise description of government policy, it is important that I do so.

In making these recommendations, I am fully mindful of the fact that it is the ultimate responsibility of the legislature to authorize and appropriate for expenditures and to determine the sources of revenue. It has, however, long been the practice, endorsed in law, for the chief executive to make known his views in these matters. I am glad to do so.

More than half a year after his predecessor began work on a detailed budget document laid before the Legislative Assembly, a new governor assumes his duties. It is manifest that the new governor does not share in determining the ground-rules under which that printed budget is compiled. A 100-day legislature could not await the detailed reconstruction of the budget to reflect fully either the philosophy or the program of the new governor. We must find a way to permit an incoming governor adequate time for review of the budget he inherits, without obstructing the rapid completion of your legislative agenda.

I would suggest that present law be amended to require that an

incoming governor lay before this body his budget recommendations, not less than 45 days after his predecessor's completed budget is available. I would further urge that the present requirement that the budget document be distributed by December 20th of each even-numbered year be retained, despite the fact that this law has been honored more in the breach than in the observance, as in the case of the printed budget which was not available to me until January 8th, 19 days after it was due.

But the important business of this message is to speak as frankly as I know how of the revenue requirements of our state government, of our current expenditure program (in terms of both our needs and our revenues), and of our building program.

REVENUES

It is imperative, when the printed budget before you recommends expenditures that are at least \$47 million in excess of current general fund revenues, that we begin with a discussion of our revenue needs.

It is equally imperative that we begin with revenues when an authoritative report indicates that Oregon's state and local governments require almost eleven percent of our income—the highest rate in the West.

A third reason for beginning with revenues is the fact that our tax problem promises to be even more acute in 1961, when, my predecessor tells us, the general fund revenue receipts will be more than \$70 million short of meeting commitments already made. We must plan, *now*, for the needs of 1961, while we plan for the biennium immediately ahead.

One further preliminary note: Because two-thirds of our expenditures are made from "dedicated" revenues, no governor can recommend freely the "best" allocation of our financial resources. While devoting primary attention to the needs of the general fund, I suggest that this legislature seriously reconsider our habit of earmarking so much revenue that our budgets are forced out of balance, when measured against our real needs for governmental service.

Before turning to the general fund, let me reiterate my request and recommendation that this session enact an increase of one cent per gallon in the tax on gasoline to make an extra \$8,250,000 available for Oregon's full participation in the expanded Federal program of highway modernization and for additional support of county and city road construction. We cannot afford to let this effort lag.

The General Fund

General fund revenues for the next biennium have been estimated at \$251 million, plus \$30 million left from the \$52 million balance inherited by my predecessor. These current resources would total just under \$282 million.

The \$298,615,347 budget we received last month would use the entire balance estimated to be available next June. It fails to provide a realistic building program. It would use \$12 million in one-time revenues that must be replaced next biennium. It requires \$5 million in new revenue.

✓ I concur in the use of the \$30 million surplus. ✓ I concur in the proposal for the gradual elimination of the installment payment of the income tax. ✓ I concur in the suggestion of modest increases in the prices of alcoholic beverages and the application of the corporate excise tax to privately-owned public utilities.

If we are to provide adequate funds for the next biennium, we must find additional current revenues of \$4,500,000. If we are to have an adequate general fund building program, we must also provide \$9,857,000 in additional tax monies to finance buildings not provided in my predecessor's budget.

Where do we look for this additional revenue?

I suggest:

1. The procedures of the Board of Control in collecting reimbursement from patients or their responsible relatives of some of the costs at the state hospitals should be revised. The new procedures are expected to produce an additional \$200,000 in 1959-1961.

2. Improved enforcement of the gift and inheritance tax laws could produce an estimated \$350,000.

3. We may anticipate the return of our \$2,620,000 investment in the Centennial Commission. Although our appropriation of this total is not contingent upon such a return, the Centennial Commission has indicated that we may reasonably expect that the Exposition and Trade Fair will pay its own way.

4. Twenty years ago the ratio of student fees to the instructional costs of our system of higher education was higher than it is today. It does not seem appropriate to reduce this ratio still further. Accordingly, I recommend that tuition fees be increased an average \$10 per term for

Oregon residents and \$20 per term for non-Oregon residents. I am reluctant to suggest any increase in tuition, but this modest increase would leave us well below the ratio of twenty years ago, while providing an urgently needed \$1,320,000 to meet our requirements. Indeed, you may find that an even greater increase in fees is warranted.

5. Our personal income tax law should be revised. The objectives are at least four in number:

✓ *a. First.* The revision should reduce the rates and widen the tax brackets, particularly in the lower income groups. Presently, the Oregon rates, starting at 3 percent on the first \$500 of taxable balance, and increasing rapidly to 6 percent on the bracket between \$1,500 and \$2,000, have given us a national notoriety of a character which is hardly desirable. As a substitute for rate schedules of this type, I propose amendments which would permit a one percent rate on net income up to \$2,000, and which would graduate upward from that level by brackets of not less than \$2,000.

b. *Second.* The revision should simplify the preparation of tax returns for taxpayers and reduce auditing expense, and at the same time eliminate much of the friction between taxpayers and collection officials by removing many of the complications which arise from a vast assortment of special deductions. (The explanation of our complicated income tax law has required an increasing number of pages in tax return instructions, until now, it is virtually necessary to "read a book" in order to prepare a tax return under the law.) To simplify the process, I propose that net income shall be reduced only by personal exemptions and dependency credits before application of the tax, the only other allowance being for medical expense in hardship cases. It is true that this eliminates deductions for Federal income taxes paid, property taxes, and even contributions, but at the same time I would remind you that these are expenses which virtually all of us have. If we do not, the present law makes an arbitrary allowance therefor, which we know as the standard deduction. By cutting away this maze of confusion in the present law, as already pointed out, we can widen the beginning tax brackets and reduce the net income tax rate from 6 percent to one percent at the \$2,000 level. And, it will be possible for perhaps as many as one-half of our taxpayers to file no more than a brief information return

similar to the present withholding slip, upon the basis of which additional tax or refund can be quickly computed.

c. *Third.* Revision should broaden the sharing of governmental costs by imposing, in addition to the net income tax, a tax of one percent upon net receipts, which is a new concept in the Oregon law and is in line with the recommendation of Dr. John F. Sly. In effect, this would mean a cumulative tax of 2 percent at the \$2,000 income level when combined with the net income tax, a rate which, I submit, is still a substantial reduction below the 6 percent of the present income tax law.

d. *Fourth.* This revision of the income tax laws would raise the additional revenue required for the building program I am recommending. In part, these revenues will come from the tax on net receipts, which will tap a tax source not presently being utilized, and in part through modest increases in net income tax receipts evenly distributed through the tax brackets. It is contemplated that the proposed revision of the revenue statutes will produce \$9,857,000 of additional revenue. Certainly, this kind of a tax is infinitely to be preferred to a sales tax which, in its indiscriminate revenue production, takes from those who are living on social security, or welfare payments, or on their own savings.

6. ✓ I reiterate my recommendation for modification of the tax on capital gains. Although this would temporarily reduce revenues by a net amount of \$7 million, it is an essential part of our program to encourage investment in Oregon industry and thus provide more year-round jobs for our people. It is new jobs that are the real key to our economic development.

✓ To accommodate this reduction, one other revenue source is commended to your attention. Oregon is one of only *six* states imposing no tobacco products tax. Although such a tax has been repeatedly defeated at the polls, Dr. Sly's survey and our revenue needs recommend that we again seek such a tax. A tobacco products tax would produce an estimated \$7 million of revenue for the biennium. This revenue is necessary to a balanced budget, and while I dislike tying in a proposed tax decrease measure with an offsetting tax increase, fiscal realities suggest that the proposed reduced tax on income from capital gains under the income tax law should become effective only when the tobacco products tax, which could be referred by the voters, becomes effective.

If no combination of these alternatives is chosen and this legislature adopts my recommendation for an adequate building program, it will be necessary to find some other source of revenue. Otherwise we must go into debt or forego our needed buildings.

State Building Funds

In planning this budget we have begun putting into effect the proposal that we consider our operating and capital needs separately. I am heartily in accord with this recommendation of the Interim Committee on Government Reorganization. You will find that it is our building needs that impose the requirement of additional revenues.

It has been suggested that the building needs that confront us in the next decade are so staggering as to require that we embark on a vast program to be paid for with borrowed money. The argument is that the building demands will taper off eight or ten years hence and that we could look forward to paying for subsequent buildings out of current revenues, once our immediate needs are met.

It is further argued that building now, with borrowed money, will pay for itself as continuing inflation further devalues the dollar.

However, it seems equally apparent to me that while we can see the needs of the next two or three bienniums with some clarity, there is no reason for us to expect that the building needs of today are significantly greater than they will be a decade from now. By the same token, the tax money we would pay ten years from now for interest on buildings built today would merely complicate for our successors the same kind of problem we now face.

Accordingly, I strongly urge that we reject this costly temptation and continue to pay for the general fund building program out of current revenues. We would deserve no thanks for mortgaging the future of this state by evading the responsibility of the present.

EXPENDITURES

More than anything else, the budget is a plan of program execution. From 1935 to the present, our budgets have increased twenty-fold. Most of the increases represent programs that are generally accepted as useful additions to state responsibilities. Certainly this administration will not shy from increased expenditures that represent sound public policy but

we will certainly evaluate each existing or proposed program in terms of our real needs.

In analyzing the \$299 million general fund budget already before you, it became apparent that it provided \$296,120,450 for operating needs and \$2,495,000 for capital investments in needed buildings. The amounts represent a fourteen percent increase in operating costs and an eighty percent decrease in building funds.

Adjustments which should be made will be found both in my operating budget and in my capital construction budget.

In the operating budget, it is possible to recommend certain reductions in keeping with my basic philosophy of economy in government. I want to stress that these reductions are not expected to result in diminishing present levels of service. For the most part, they are reductions in proposed increases in the quality or variety of our programs. Although these added services are highly desirable, in my judgment these reductions apply to services we can afford to defer.

By the same token, it is essential that there be certain increases in the operating budget to assure present levels of service and to achieve certain other goals that ought not be deferred.

Let us look first at the reductions:

1. *Board of Control.* As a member of the Board of Control, I shared in proposing budgets for the state institutions which would cost the general fund just over \$40 million. At that time I reserved the right to review those decisions when the total state budget was known. In the light of our total budget, it is apparent to me that we cannot afford in the coming biennium all of the \$8 million increase over the present biennium that has been proposed by my predecessor.

By 1961, institution population will have increased less than 15 percent since the 1955-1957 biennium. The printed budget proposes what amounts to a 50 percent increase to support this 15 percent increase in population. We should retain the advances in standards of care achieved in this biennium. The present budget includes funds to maintain these new standards. We should, in addition, allow only a \$1,500,000 increase in standards of service. This is \$1,000,000 less than previously proposed. To assure maximum advance in standards, I further recommend that the \$1,500,000 for this purpose be allocated for use at the discretion of the Board of Control in terms of the needs and opportunities of the coming biennium.

2. *Oregon Technical Institute.* I concur in the recommended appropriation of \$150,000 for planning for the relocation of O.T.I., but urge that the funds be appropriated for this purpose to the Board of Higher Education. The policy direction of the Institute should be transferred to the Board of Higher Education by the end of the next two years. Steps should be taken in the meantime in preparation for this transfer. I recommend that the Department of Higher Education assist during the coming biennium in a review and revision of the curriculum at O.T.I. This review and other economies which are possible will permit the Institute to limit its general fund increase to \$320,000 without reducing current levels of service. This would save \$100,000 from the total recommended by my predecessor.

3. *Board of Health.* The Board of Health budget proposes a \$200,000 increase in standards of service financed by general fund appropriations. I propose that the budgeted expansion be reduced by \$100,000. This would permit strengthened attention to urgent needs in air and water pollution control and in the fields of mental and dental health, and would provide for continuance of present programs such as those concerned with occupational health, tuberculosis, and venereal disease control at their present level.

4. *Fish Commission.* The Fish Commission has at its disposal \$182,000 which is inadequate for construction of a salmon hatchery at Elk River in Curry County. Since the commercial value of this hatchery is questionable, it is recommended that this sum not be spent. If the proposed hatchery has adequate sports fishery value, the Game Commission may wish to include this hatchery in its program.

5. *Forestry.* The Board of Forestry budget includes \$150,000 for expansion of the farm forestry program of the Board of Forestry. In this time of financial stringency and in view of the work of other governmental agencies in this field, I cannot approve this expansion.

Four years ago the Forest Protection and Conservation Committee was a "self-sustaining" agency. Two years ago \$111,000 was appropriated for the Committee from the general fund. My predecessor recommended an appropriation of \$149,000 which we should recapture by returning the Committee to its self-sustaining status.

General fund programs in this field should be conducted by the Board of Forestry. As I have indicated before, there does not seem to be adequate justification for the existence of this separate committee.

6. *Military Department.* The Portland office of the Military Department is a luxury we need not continue. I recommend that it be discontinued. This, and other economies can provide a biennial saving of \$100,000.

7. *Division of Labor Elections.* The passage of time has clearly indicated that we need not continue a full-time Division of Labor Elections. This service should be abolished so as to save the \$23,000 currently recommended for this orphan agency.

8. *Department of Motor Vehicles.* The Financial Responsibility Division is the only division of the Department of Motor Vehicles not supported by motor vehicle revenues. The \$350,000 recommended for general fund appropriation should be charged to motor vehicle revenues rather than to the general fund.

These suggested reductions in the general fund budget total \$2,155,000. A number of the recommendations will mean the deferral of activities which can be eloquently justified as desirable. As is so often the case in our private lives, there is a bottom to the purse but no end to our desires.

Additions to the Operating Budget

Significant amounts are required to cope with the obvious deficiencies of the budget of my predecessor. Two of these have already been recognized by legislative action.

1. *Centennial Commission.* The printed budget allowed \$200,000 for additional support of the Centennial Commission. Our bi-partisan review of centennial needs showed clearly that an additional \$1,590,000 is required. With these additional funds, we are confident that our trade fair, exposition, and related celebrations will give us a centennial we will look back on with pride.

2. *Legislative Assembly.* You have already estimated that the allocation in my predecessor's budget for legislative costs was \$275,000 short of your needs.

3. *The Dalles.* There are no funds in the printed budget to operate the state institution now located at The Dalles. I recommend that \$504,000 be appropriated for its use as an institution for the care and treatment of our senior citizens. This use will relieve population pressures at the mental hospitals and should result in more effective discharge of

state responsibility. Outpatient tuberculosis service should continue to be provided at The Dalles.

4. *Board of Parole and Probation.* It will require \$214,800 to implement the recommendations of the Governor's Advisory Committee on Parole and Probation for strengthening our parole and probation program. This is an increase we should make.

5. The programs outlined in my inaugural message warrant your attention. Only two of them require additional appropriations this biennium. \$77,130 will be required for *pro tem* judges. \$25,000 would cover the leasing of electronic voting machines for the legislative chambers, should you desire this modern legislative tool.

6. *Salary adjustments.* The \$2,250,000 salary adjustment fund recommended in the printed budget is inadequate to meet the minimum general fund requirements suggested by the Civil Service Commission. I recommend that an additional \$1 million be made available to permit needed adjustments both in civil service salaries and in the salaries now fixed by statute. Together with funds now in the budget for merit increases, this recommendation would result in an average increase of approximately nine percent over the two-year period. It would place our salary scale above the lowest, but far below the highest comparable rates paid by other employers.

The Commission recommends, as desirable, a further program that would require \$1,700,000 in general funds "to develop a plan that is acceptable both from the standpoint of internal alignment and the competitive labor market". I cannot recommend adoption of this proposal.

The \$2,300,000 included for academic salary increases in the printed budget would provide for a seven percent increase in higher education academic salaries in the next two years. We must maintain Oregon's general competitive position both to retain our present faculty as well as to attract the competence we will require in the years ahead. We must also maintain equity of relationship between the salaries paid to academic and civil service employes in state service. Since funds budgeted and recommended for adjustments in civil service salaries would provide a nine percent increase, approximately \$700,000 should be added to the salary adjustment fund for higher education to permit equivalent increases there. This amount, wisely administered by the Board of Higher Education, which has wide discretion in the use of

appropriated funds, should permit adequate progress in our continued quest for academic distinction.

I should not close this section without a comment, first, in tribute to the long and priceless service of Dr. R. E. Kleinsorge on the Board of Higher Education, and, second, about the honors which have been accorded the administrative and academic personnel of our system in recent months. Chancellor Richards' service to the United Nations, President Wilson's chairmanship of the American Council on Education, President Strand's leadership among the Land Grant Colleges, are but partial evidence of the vigorous strength of our academic staff. We must maintain and strengthen our program of higher education. No state of comparable size and resources has the quality or quantity of higher education, public and private, provided in Oregon.

We have thus far spoken of the operating budget only. I have recommended: \$4,500,000 in increased revenue; \$2,155,000 in decreased expenditures; and \$4,386,000 in increased expenditures. This leaves \$2,270,000 as a balance which should be applied to our building needs.

These recommended adjustments provide a total operating budget of \$298,351,000.

Capital Construction Budget

Six agencies requested \$35 million from the general fund for building programs in the next biennium. My predecessor recommended appropriation of \$2,495,000 for three of the agencies. I cannot concur in this recommendation to pile up the demands on future bienniums.

I am persuaded that we must make available an additional \$7 million for the real crisis confronting the System of Higher Education. This would permit construction in the next two and one-half years of a classroom building at Portland State College, science building additions at the University and Oregon State College, plus the Medical Research building at the Medical School and heating plant additions at Oregon College of Education and at Oregon State College. The legislature should authorize additional construction within the \$9 million total, if construction economies permit. The priorities of the Board of Higher Education suggest that projects at Eastern Oregon College and the Medical School deserve such early attention.

Before additional major investments in expanded physical plants are

made, however, I have requested that intensive analysis be made of the utilization of existing facilities. Although our classroom and laboratory use is reported to be better than the national average, we must make every effort to raise the twenty hours per week these physical facilities are in use before we ask our fellow-citizens to take on the additional building program recommended by the Board of Higher Education.

The building needs of the Board of Control are not met by the recommended \$344,000 included in the printed budget. Multiply that amount by fifteen and we begin meeting the minimum needs of the coming biennium. Although I joined in recommending a \$10,309,000 building program as a member of the Board of Control, review of the total budgetary picture makes it clear that a \$5,126,000 building program is more nearly in line with our ability to pay and our treatment of other competing needs.

The Board of Control building program should include \$842,000 for Fairview Home to provide two inmate cottages, housing 215 beds, a new water tank, and an additional boiler. The building program should also provide: \$199,000 for maintenance shops and heating plant expansion at the Deaf School, \$325,000 for a new kitchen and dining room at MacLaren School, and \$2,000,000 for essential portions of Phase III of construction at the Correctional Institution. (These would include a vocational training unit, an industrial building, a warehouse addition, an orientation unit, fire alarm system, access road and security fence.)

My predecessor did not include plans for moving forward with the development of Dammasch State Hospital. We have included \$40,000 for preliminary planning for the next stage in the development of this institution, twice-endorsed by the people at the polls.

Although the need is well-known, and plans are well-developed, the printed budget does not propose action to proceed with provision of a women's institution. The first phase, housing 60 women, can be constructed for \$567,000. We should move ahead with this program.

Acquisition of Capitol Mall property (\$500,000) and provision of utility services in the Mall (\$600,000) are also necessary.

Our Supreme Court has been housed in quarters which become less adequate year by year. The Court should be housed in a new building. In this centennial year, we might (as we did in preparing for the con-

struction of this Capitol) conduct a competition in seeking the design for that structure which is most in keeping with our needs and our traditions. In this way, the best architectural minds will be attracted to our service.

In summary, I have recommended a total general fund building program of \$14,621,000. Federal funds in excess of \$1,900,000 will be added to this total and the Board of Higher Education will be adding another \$9,405,000 in buildings, such as dormitories, which are self-liquidating. It is a building program which we can support. It is the building program we need.

BUDGET EXECUTION

After the legislature adjourns, it is the responsibility of the executive branch to administer the budget adopted by the legislature. It shall be our purpose to so discharge this responsibility as to assure that each dollar is spent wisely and in accord with legislative policy. The printed budget failed to allow for certain known price increases, including social security and unemployment compensation taxes. These omissions are estimated to be in excess of \$2 million. I have not requested that you make provision for these omissions. I welcomed them as an invitation and an incentive to continue and intensify the efforts of this administration to stem the increase in the cost of government by requiring executive agencies to absorb them through administrative economies. Should any agency require additional funds to meet these unbudgeted costs, the \$1,300,000 Emergency Fund recommended by my predecessor should prove adequate for our needs.

We have been talking a great deal about money. But a budget is not a mathematical exercise, unrelated to reality. The budget we have been talking about is not a juggling of figures to force an arbitrary balance; it is the financial blueprint for a program of government service that meets the requirements of our people as we begin the first biennium of our second century of statehood. Although we have talked of dollars, we have in reality been concerned with the physical, mental, social and economic welfare of all Oregonians. I know you join with me in the determination that our financial planning will be in keeping with our needs, our resources, and our responsibility to those who will inherit the results of our decisions.

Proposed General Fund Budget 1959-61 OPERATING BUDGET

REVENUES:

Proposed by Governor Holmes	\$298,615,347
Less—Amount recommended for Capital Construction	2,494,550
Available for Operating Budget	296,120,797

Suggested adjustments proposed by Governor Hatfield:

Centennial Commission	2,630,000
Higher Education increase in tuition fees.....	1,320,000
Increased Board of Control Collections	200,000
Increased Gift and Inheritance Tax Revenues	350,000

Total Additional Revenues 4,500,000

Total Revenues Available 300,620,797

Less—Proposed Expenditures—

Operating Budget 298,351,142

Balance Available—transferred to

Capital Construction Budget 2,269,655

[14]

EXPENDITURES:

Proposed by Governor Holmes \$296,120,797

Suggested adjustments proposed by Governor Hatfield:

Decreases:

Board of Control	1,000,000
Oregon Technical Institute	100,000
Board of Health	100,000
Elk Creek Hatchery	182,293
Farm Forestry	151,361
Forest Protection and Conservation Committee	149,174
Financial Responsibility	349,757
Military Department	100,000
Division of Labor Elections	23,000

Total Decreases 2,155,585

Subtotal 293,965,212

Increases:

Civil Service Salaries	1,000,000
Higher Education Salaries	700,000
Centennial Commission	1,590,000
Legislative Assembly	275,000
E.O.T.B. Hospital—Geriatrics Use	504,000
Board of Parole and Probation	214,800
Pro tem Judges	77,130
Electronic Voting Machines	25,000

Total Increases 4,385,930

Total \$298,351,142

Capital Construction Budget 1959-61

REVENUES:

Proposed by Governor Holmes \$ 2,494,550

Adjustments Proposed by Governor Hatfield

Transferred from Operating Budget 2,269,655

1% net receipts tax 9,856,345

Total 14,620,550

Capital Gains Tax Provision

Loss of revenue resulting from revision of capital gains tax (7,000,000)

To be financed by tobacco tax when enacted 7,000,000

[15]

EXPENDITURES:

Proposed by Governor Holmes

Board of Control \$ 344,550

Board of Higher Education 2,000,000

Oregon Technical Institute 150,000

Total 2,494,550

Additional Proposed by Governor Hatfield

Board of Higher Education 7,000,000

Board of Control 5,126,000

Total 12,126,000

Grand Total \$ 14,620,550

Schedule of Tax Rates Proposed Under Amended Personal Income Tax Law

On net receipts: 1%
On net income, after deduction of personal exemption and dependency credit:

Taxable Balance	Rate	Cumulative Tax
\$ 0 - \$ 2,000	1%	\$ 20
\$ 2,000 - \$ 4,000	2%	\$ 60
\$ 4,000 - \$ 6,000	3%	\$ 120
\$ 6,000 - \$ 8,000	4%	\$ 200
\$ 8,000 - \$10,000	5%	\$ 300
\$10,000 - \$30,000	6%	\$1,500
Over \$30,000	7%	

Capital Construction Budget (Detail) 1959-61

PROPOSED BY GOVERNOR HOLMES:

Board of Control	
Oregon Fairview Home	
Central Kitchen Addition	\$ 94,550
MacLaren School for Boys	
Boiler Expansion—Steam line replacement	250,000
 Total	 \$ 344,550
Board of Higher Education	
OSC—Central Heating Plant Addition	
OCE—Central Heating Plant and Service Building	
UOMS—Medical Research Building	
Total—Board of Higher Education	2,000,000
Oregon Technical Institute	
Land acquisition, planning, working drawings and specifications only	150,000
 Total—Per Governor Holmes	 \$2,494,550

ADDITIONAL PROPOSED BY GOVERNOR HATFIELD:

Board of Higher Education	
PSC—Classroom Building—South	
UO—Science Building—First Addition	
OSC—Physics Chemistry Building Addition	
EOC—Hoke Hall Addition	
UOMS—Physical Plant Service Building Addition	
Total—Board of Higher Education	\$7,000,000
Board of Control	
Fairview Home	
2 Inmate Cottages (215 beds) ..	\$ 756,000
Water Tank	51,000
Expansion of Heating Plant	35,000
	842,000
MacLaren School for Boys	
New Kitchen and Dining Room ..	325,000
Oregon State Women's Institution ..	567,000
School for the Deaf	
Heating Plant Expansion and Maintenance Shops	199,000
Correctional Institution	2,000,000
Capitol Mall Property Acquisition ..	500,000
Capitol Mall Utilities Expenditures	600,000
Eastern Oregon Tuberculosis Hos- pital Improvement Assessment	33,000
F. H. Dammasch State Hospital	
Planning—Phase II	40,000
Supreme Court Building	
Preliminary Planning	20,000
	5,126,000
Total—Board of Control	5,126,000
 Total—Governor Hatfield's Recommendation	 \$12,126,000