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FOR RELEASE 5:00 P.M., JAN. 16th

TRANSCRIPT OF GOVERNOR REAGAN'S REPORT TO THE PEOPLE OF 1/16/67

By Constitutional requirement the state must balance its budget. There are only two ways to do this, increase taxes... or cut costs. Of course there is actually a third...namely... a combination of these two, and distasteful as it is to me, we are going to have to do this. But taxes will only be raised after we are certain government is operating at peak efficiency.

Any major business can tighten its belt by ten percent and still maintain the quality and quantity of its operation. So can government, all phases of government, including the university and college systems. And all must do this if we are to provide sound, sensible, quality services at a price the people can afford to pay.

In higher education we have been, and are providing, a premium service. An education superior to most and equal to the best. Prorating the university budget, we are spending nearly three thousand dollars a year to educate each university student and about half that much for those enrolled in the state college system.

So far, those receiving this education have not been required to share in this cost...which makes us unique among the states...presently the university is open only to the top twelve percent scholastically, of all our high school graduates and the top forty five percent are eligible for our sixteen colleges.

None of us wants to reduce that any further and certainly none of us wants to lower the quality of the education we offer.

For those reasons, we suggested that if these economies threatened either quality or numbers, we might assess a reasonable tuition...little more than ten percent of the cost.

At the same time, students for whom this would be^a hardship would have access to scholarships and loans payable after graduation.

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When I say we suggested tuition, I mean just that. The Governor cannot impost tuition. Only the Regents can make this decision for the university and the Legislature for the colleges. But I say to you if the colleges and universities can cut their budgets, and maintain quality, without tuition...then this will meet with my approval. But I have no intention of asking Californians to dig ever deeper into their pockets to pay for an unrealistic budget camouflaged by gimmicks.

I believe we have a mandate to return fiscal responsibility and sanity to California. I intend to do just that.

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1/30/67

TRANSCRIPT OF GOVERNOR REAGAN'S REPORT TO THE PEOPLE OF 1/30/67

"I have here the results of a study of California's financial situation, just completed by three certified public accounting firms.

"It is not a happy picture.

"The study makes it plain that our state has been looted and drained of its financial resources in a manner unique in our history.

"The result of the study can be summed up in one sentence: Under the current record budget, California, for the last year, has been spending one million dollars a day more than it has been taking in. This means that by the beginning of the next fiscal year, we will have depleted our Treasury by \$365,293,000.

"As of last July 1st, the beginning of our fiscal year, our state had roughly \$193 million in spendable cash in its Treasury. By this July 1st, that will have been reduced to roughly \$7.5 million.

"The rest will have been spent, and in addition, we will have borrowed, and spent, another \$180 million--just to pay daily bills.

"Not since the bleak days of the Depression--when California was forced to such desperate measures our credit was affected for decades--have we faced such a dark picture.

"We will begin the fiscal year \$180 million in debt.

"If all the economies we've proposed are put into effect, we'll still have to have new or increased taxes in the amount of \$240 million just to balance the budget. But beyond this, the Constitution requires that we find funds to pay off that \$180 million debt we've inherited.

"I know these facts are shocking, but perhaps they will impress those who say we cannot or must not cut spending. I hope so, because we are going to cut spending--to the bone.

"We have no other choice.

"Tomorrow I will go before the Legislature to lay out our problems in detail.

"The problems are plain; it will take all of us, all our ingenuity and all our resolve, to work out the solutions."

2/5/69

TRANSCRIPT OF GOVERNOR REAGAN'S REPORT TO THE PEOPLE 2.5.67

"My fellow Californians:

"First, let me say how much I appreciate this opportunity to talk to you. I want to thank sincerely the television and radio stations of California for making it possible for me to report to you on the problems our State faces and the solutions we propose for them.

"During the recent campaign, one promise we made was that, from time to time, as the situation warranted it, I would report to you on issues of importance to the State.

"I would have hoped to make the first report under ^{more} pleasant circumstances. I would have hoped also that the situation we face is--as some have tried to insist--only a figment of my imagination, only something dreamed up as a campaign gimmick.

"Unfortunately, this is not the case.

"The case is as we have been describing it in recent days, and no amount of wishing will make it otherwise.

"I would like to review California's fiscal problems again for those of you who may be a bit confused about the situation because of conflicting stories or because all the information has not been made available to you.

"Bluntly, we have gone to the fiscal well once too often in California and that well is now dry.

"Three firms of certified public accountants called in to study the situation have testified to that. And they have testified to the fact that by the end of this fiscal year--June 30--California will be nearly \$180 million in debt.

"But that is only part of the story. There are two other parts also.

"One is that, under the current budget, we are spending \$1 million a day more than we are taking in--\$1 million--for a total of \$365 million a year more than all our taxes bring in.

"The other is that, to finance this year's budget, the state, beginning last July 1, not only resorted to deficit spending--which is illegal according to our State Constitution--but it also borrowed from next year. It is taking all of this year's revenues plus about three months worth of next year's to pay for this year's budget. Now I know I've said this before, but there are those who persist in thinking it isn't really true.

"These are facts. And no amount of denial or glossing over can change them. But now you should know what they mean in terms of next year's budget and next year's taxes.

"Frankly, they mean bad news, both to this administration and to you.

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"To you, they mean we are going to need increased taxes. We are going to have to dig a little deeper into your pockets, not in order to move ahead, but just in order to stay even.

"We are going to have to do this, even after we institute the most stringent economies we can make in the short time we've had to look at various government operations. I'm sure you know that once a government agency gets used to a certain level of spending, it is something of a revolution to cut that back; but we are going to do it. Next year's budget will total \$4.6 billion, which is actually \$251 million less than is being spent this year.

"That means we have effected real economies--or at least, we hope to effect economies--of \$251 million. I say 'hope to' because this kind of economizing takes the cooperation and help of the State Legislature.

"I will talk more about those economies in a moment, because they, too, affect all of us.

"But first, I have to tell you that even those are not enough, primarily because we can no longer borrow from the future. Someone has already been there.

"As a result, these economies still leave us roughly \$250 million short of balancing the budget.

"This means we will have to ask for a series of new or increased taxes on cigarettes, liquor and in other specialized areas--taxes of 5¢ more on cigarettes, of 50¢ more on a gallon of liquor.

"During the campaign, both sides agreed that one of the prime areas our people needed relief in was that of the property tax. That tax, levied by counties, has grown to confiscatory proportions in many counties. It has made it impossible for many of our older persons to own their own homes after retirement.

"Now some people have charged that we are robbing Peter to pay Paul if we talk about adding a tax to replace a tax. This is not completely true, even though I'll admit Peter and Paul are both taking quite a beating in California. The property tax is concentrated on a limited number of people. Therefore, relief must come by spreading a tax over a great number, so that each individual pays a lesser amount.

"We had hoped to find such a substitute tax by possibly adding another cent to the sales tax. We probably are still going to ask for that one cent sales tax increase, but we have another problem. Some \$180 million have been borrowed from various state funds to pay the bills and for at least this first year, some of the increased taxes must be used to pay off that \$180 million. That, too, is required by law.

"It will not be until the 1968-69 fiscal year that we will be able to use the entire amount for property tax relief.

"Now, let's get back to the matter of those economies.

"We have a peculiar situation, or maybe it isn't so peculiar. Everyone wants economy, but always, it seems, in someone else's backyard. This year is no exception. Some groups representing special interests feel that they should be exempt from any of our proposed economies.

"Others can tighten their belts, but their own favorite projects mustn't be cut by so much as a penny.

"Well, it won't work that way. Every agency of the State government that is financed out of the General Fund--your tax dollars and mine--must tighten its belt. There is no other way.

"Don't get me wrong. I don't mean to imply that these programs aren't worthwhile and the arguments in their behalf sound, but we are like a family facing an unexpected emergency. The household budget must be cut and we have to put the new TV set off for another year and make the old car do for a while.

"So where can we--or must we--turn for savings? Well, education and welfare are responsible for 83% of the General Fund budget of \$3 billion. Obviously, we can't reduce funds for the needy and deserving in these times of rising prices, nor can we reduce State aid to our public schools.

"Any action along that line would merely increase the property tax burden at the local level.

"If I may digress, that is why I personally am opposed to extending the sales tax to utilities. There wouldn't be much point in relieving the home owners' property tax and then putting it on their bills for light, water and gas.

"Education through high school is compulsory and therefore properly paid for by all of us. But the college and university levels present a different picture.

"There, traditionally, we also have offered a free education. But remember, on that level education is not compulsory. It is a gift to a limited number of our young people, paid for by all of us.

"It is a worthy and unique gift, to be sure, and we did not object to giving it in the past. And while some of us may think philosophically tuition is a good thing, I'm sure we would not object to free higher education now, if we could afford it.

"But we cannot. Therefore, we have asked the University and the Colleges to join in sharing the burdens and responsibilities of this State by cutting their budgets and, at the same time, assuring themselves a way of continuing to provide a high quality education by assessing a part of the cost--actually less than 10%--against the limited numbers who receive that education. In short, by charging tuition.

"For some reason, this proposal has caused more sound and fury than it has legitimate debate. Strangely enough, those who are violently opposed don't object now to the fees students have to pay, however. These student fees are somewhere around \$250 a year. There is reason to believe that some of those fees go to pay for items that really have nothing to do with immediate student needs.

"I can't help but wonder if some of the objections to tuition would disappear if we just asked for increased fees and dropped that word: tuition.

"We realize, of course, that tuition or increased fees would work a hardship on some students, even though more than 60% of them come from families making more than \$10,000 a year.

"Therefore, we have suggested to the Regents of the University, and would urge the same for the Colleges, that enough money be taken from the tuition fund to provide scholarships for those needy students. At the same time, we have also urged that a system of deferred student loans be set up as a further means of assuring that qualified students can attend the State University and Colleges. If that isn't plain enough--no qualified student should be denied an education because of lack of funds.

"I think two other things must be made clear in regard to what we are asking from the University. First of all, nothing we are suggesting affects a large segment of our high school graduates since only 12½% of them can qualify for entry to the University, and qualifications are based on scholarship without regard to need or to the fact that many of our potentially best scholars have been handicapped in grammar and high school by language and environmental problems.

"Moreover, only about one-third of those who enter the University are ever graduated. Perhaps the responsibility of paying tuition would be the inspiration many of these dropouts from higher education need to complete their studies. For others, such tuition would convince them that University and College are expensive places to play.

"Secondly, and perhaps this has not been made clear, we have no intention of cutting back on the quality or quantity of California's college-level educational programs. Nor do we anticipate making permanent the cutbacks we are seeking in this year's college and University budgets. Some supposedly mature members of the academic community have falsely charged in inflammatory remarks to student audiences that this is the beginning of a sinister plot against education in California. It is, of course, nothing of the kind.

"But we must face one basic fact--a fact I'll keep repeating until everyone understands--this year the money just isn't available to do all the things we would like to do in education or in welfare or anywhere else.

"The State must cut back and switch for a while from steaks to hamburger, from fur trimmings to cloth coats.

"This year we must ask for a pause in many areas of spending, including higher education...a leveling off for a year or two in our continuing and determined efforts to keep improving the quality and quantity of our educational program and facilities.

"When we get our fiscal house in order, then we can begin to move ahead again on all fronts.

"No government, State or local, produces funds on its own. Its money comes from you, the people. Only people pay taxes.

"Last Friday, the Rev. Billy Graham told a campus audience in Northern California a basic truism, and I would like to repeat it here.

"He said, 'There is no such thing as free lunch.'

"Most of you are aware of that fact.

"I realize I have painted a gloomy picture tonight, but I assure you again that I have not overstated the case. In fact,

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the deeper we have delved in recent weeks into our State's financial condition the worse we have found it to be.

"But even so, there is a bright side. And that bright side is you--the nearly 20 million Californians who, I am sure, have the courage and the wisdom to face up to our problems and to help supply the solutions.

"Last week, we asked the help of more than a hundred of our top business men and industrialists. Indeed, we asked for these men themselves and their top executives. They volunteered 100%, and in the months ahead, teams of these experts in their fields will go into every department of the State government to determine how they can be made more efficient and businesslike.

"This administration represents and is determined to serve all Californians--Democrats, Republicans, Independents, of all races and creeds. We need and must have your support in this time of crisis.

"The Legislature and the pressure groups need to know where you stand...whether you stand on the side of fiscal reality and sanity, or whether you wish to retreat along the path that leads to more and more spending and onward to more and more taxes.

"Not taxes that just 'soak the rich', but taxes that cut across the board and hit all of our incomes and purchases of the every-day items we all must buy.

"With your support, we can put our fiscal house in order during the 1967-68 fiscal year that begins next July 1st. And we can offer a program of property tax relief as well. Beyond all this, we can proceed with our goal of turning our dreams into the realities that have always made California first among the states.

"We can, once this crisis is passed, look at our future needs and our future desires. We can do what we must do--provide more for our older citizens, increase and expand aid and services to our handicapped, our deaf, our disabled, our blind and our mentally retarded.

"We can continue to build our educational system at all levels.

"We can continue to keep California number one.

"But we cannot do it unless we have a starting point, unless we have a base from which to build. And that base has to have a solid financial foundation. Without it, we cannot even sell the bonds that are so necessary for continuation of our State Water Project and our school building plans.

"Without it, we will be unable by next autumn even to meet the State's daily bills.

"And without it, you and I will have failed to meet our responsibilities as Californians, as taxpayers and as good citizens.

"We must not let this happen and I know you will not let it happen.

"Californians cannot afford to let develop in their midst a series of sanctuaries wherein some are exempt from the responsibilities of citizenship.

"For those who seek to establish such sanctuaries, the time has come to make clear one zoological fact: The symbol on our State flag is a Golden Bear; it is not a cow to be milked."

4/6/67

TRANSCRIPT OF GOVERNOR REAGAN'S REPORT TO THE PEOPLE OF 4/16/67

(NOTE: Because of time problems, Governor Reagan may not follow this text exactly, but he will stand by what it says.)

My fellow citizens:

A little more than 100 days ago a new State Administration took office.

There is nothing magic about the first 100 days, especially, in a case such as California's where the Legislature is controlled by one party and the Executive by the other. Under those circumstances no great miracles or instant legislation should be expected.

But, among men who have the interests of their state at heart -- and I am confident this is true of both the Legislative and the Executive branch -- we can disregard any arbitrary time period and work together to build a sound, progressive government, oriented to you, the people, responsible to you and equipped to meet your needs at a cost you can afford.

We, both the Executive and the Legislature, were elected by you. We, both the Executive and the Legislature, are responsible to you. And those among us who ignore the people will eventually answer to you.

Here now is an accounting for our stewardship during the first 100 days.

In this time your Administration has striven mightily for economy.

We have sold the expensive-to-operate state airplane, the Grizzly, at a savings of more than \$200,000 a year.

We have reduced the number of state employees, largely by not replacing those who quit or retire.

We have cut out-of-state travel to a minimum.

We have frozen the purchase of state automobiles.

We have asked every department to examine its procedures with the hope of reducing expenditures as much as 10%.

We have brought in a task force of 150 experts to examine state government in order to streamline it and make it more efficient. Incidentally, this task force operates at no expense to the taxpayer.

Back in January I used the expression, "Cut, squeeze and trim". A few editorial writers have had some fun with this. Well, they can have some more fun because we will continue to cut and squeeze and

trim until every ounce of fat is removed from state operations.

Those who would spend the people's money willy-nilly do not have the people's interest at heart.

We have not only practiced economy as we promised but we have also sent bills embodying nearly every promise made during the campaign to the Legislature. In those few cases where no legislation has been introduced this year it will be introduced next year.

(M O R E)

The major bills are those dealing with the budget and with state revenues. I want to discuss these in detail, but let me first discuss some other legislation that has been introduced.

Bills have been introduced that will allow state and local governments to intensify efforts to reduce and eventually eliminate the pollution of our air, land and water resources. Bills have been introduced that will turn more control of education over to school districts and that will end the compulsory aspects of the school unification program.

Other legislation, if passed, will assure union members the secret ballot on union policy matters and will give them a stricter accounting of union funds.

Bills constituting a comprehensive highway safety program involving vehicles, drivers, roads and care of the injured have been introduced.

Other legislation will assure Californians of adequate recreational areas adequately maintained, for the foreseeable future. In this connection we are working to provide a national redwood park that will preserve the remainder of our virgin redwood groves, while at the same time insuring a minimum disruption of the redwood country economy and making certain that California receives full payment in kind for any property it gives up to the federal government.

In the field of welfare we are concentrating on programs that will train the able-bodied and find jobs for those who can work.

At the same time programs have been started aimed at weeding out those who are ineligible and streamlining our welfare operations so that^a maximum amount of money can be channeled to the truly needy and a minimum to the administrative costs.

In agriculture we are seeking legislation and taking executive action that will mean additional housing for migrant farm families, help place migrant workers in jobs, find needed help for farmers, protect our farm lands from encroaching subdivisions and eradicate the threat of the pink bollworm to California cotton.

While going ahead on a voluntary basis with a plan aimed at keeping politics out of the selection of judges, we have asked for legislation that will make such a process binding on future governors.

We have also asked for legislative action that would submit to a vote of the people a constitutional amendment limiting governors to two four-year terms.

Among the most important legislation we are seeking are laws to control crime. This includes bills returning to the localities the right to deal with local problems, increasing penalties in some areas, controlling the dissemination of pornographic material and other legislation aimed at protecting the innocent.

In regard to crime, let me discuss for a moment the matter of capital punishment. California had its first execution in four years last week. So long as we retain the death penalty, governors will face the responsibility of granting or not granting clemency. Refusal to grant clemency is not an action that can be taken lightly or easily. As far as I am concerned, each case will be studied and reviewed individually and clemency will be granted in those cases where it is deserved. But no governor, unless there are plainly new and extenuating circumstances, should place himself above the judge and jury.

Let those who think they can kill and murder with impunity remember this: I will not place myself above the law and this state will remain one where justice is administered through the law and not according to the whims or desires of any one individual.

Unless we maintain a government of laws and administer the law equally to all, we will not find the means to cope with the ever-increasing incidence of crime. We are going to meet the problem.

Now, let us take a look at some situations which have received widespread publicity during the first 11 days.

First, tuition for the state university and college systems.

I am sorry that this became a major issue and I am even sorrier that my position on tuition was so often distorted and misrepresented.

Our tuition proposals were meant to do several things, all of which are proper and ought to be done.

Tuition--a nominal amount, about 1/10 of the actual cost of educating a student--would provide funds for scholarship and loan programs which would assure needy students of the financing they must have to get an education.

Second, tuition would help in a small measure to defray the ever-increasing costs of higher education that now rest entirely on the taxpayer, regardless of whether his children are in the state higher education system.

Third, higher education is voluntary. The chief beneficiaries are those receiving the education. Most come from families which can afford some tuition. In fact, the public universities and the private ones have about the same proportions of students who come from the upper and middle income brackets. In view of this, there is something wrong with a system that taxes all, including the poor, for something that benefits those able to pay. Tuition would help correct this situation.

Because of the time element, it was impossible to obtain tuition for the 1967-68 school year since applications already were being accepted when the matter was first broached. Now, however, a study is being conducted by the university regarding the feasibility of tuition for the 1968-69 school year.

Along with the tuition issue, we have the matter of state support for higher education. California has built the best system of higher education in the nation. We intend to see that it remains the best. But California also has been spending beyond its income. Money is not available this year to provide every division of state government with what it thinks it should have. So we have asked each division, including the colleges and universities, to pause this year and help us put California back on a sound fiscal basis.

Both have agreed to do so. We are proud of the University Board of Regents and the State College Administration for their willingness to cooperate.

Perhaps the most emotional issue during our first 100 days grew out of our decision to reduce the number of employees in the mental health program.

Immediately, the cry went up that this was a return to the dark ages and the snake pit. As usual the outcry came before those raising it knew the facts.

Let us look at those facts.

Eight years ago, California's mental hospitals had 37,000 patients and 22,000 personnel. Today, California mental hospitals have 22,000 patients, a drop of 15,000 or about 40 percent, and the numbers are still dropping. Yet we are cutting out only 3,700 positions, or about 14 percent.

Because of the rate of decline the ratio of patients to hospital personnel this year will remain approximately the same as it was last.

And I have been assured that the care levels also will remain the same. California's mental patients will be every bit as well taken care of this year as they were last year.

Now let us look at out-patient care, another area of concern.

We are cutting out a number of state-operated care centers, but I emphasize that we are not abandoning these people. Instead, we are converting to county care centers and are asking for an extra \$5 million in state funds to let the counties absorb this load.

There is general agreement that patient care at the county level is good, or better, than at the state level. What we have done then is to accelerate a program that has been tried and found excellent.

In the area of mentally retarded children, no personnel charged with the care of those children are affected.

This is the story of what we propose. But it is only part of the total story. The rest is this.

The entire mental hygiene program will be reviewed carefully and continually in the year ahead. If at any time it appears likely that patient care will suffer in any way, the head of the department has full authority to stop the cut-back of personnel and, if necessary, to hire additional personnel.

Care levels are not to drop below those of last year.

This is a frugal administration, but we will not cut costs at the expense of the general welfare.

One last word. We are working hard to insure that those persons laid off through no fault of their own are placed in equal or better jobs either with the state or in private institutions.

Many of the issues mentioned so far relate to state spending and state revenues.

In the first 100 days we have made it quite clear what the problem is---outgo exceeding income at the rate of a million dollars a day and the use of one-time tax windfalls to hide years of what in effect was deficit budgeting.

You will recall there was some dispute about this. We were challenged that the situation was not as bad as we had presented it. But there is no disputing the facts. Arguments in this area have ceased; there is no disagreement about the extent of the problem any more. But now new arguments have begun---arguments about how best to balance our budget, pay off our debts and move California ahead.

Before examining one of these arguments in detail, let's take a look at why the state needs more money and at how we propose to get it.

California need \$865,000,000 more in general revenues next year than this year. Here is why.

--\$153,000,000 to eliminate the cash deficit we will have this year.

--\$266,000,000 to balance the general fund budget for next year.

This amount was not needed this year because under the new bookkeeping system, the state borrowed that much from revenues that will not be collected until next year.

--\$55,000,000 needed because we were only able to effect economies of 8 percent instead of the 10 percent we had hoped for.

--\$38,000,000 in lieu of tuition.

--\$99,000,000 because original estimates for payments under the medical program were short by that amount. Part of this, in fact, is for last year.

--\$35,000,000 in aid to poorer school districts.

--\$39,000,000 in salary increases for state employees.

--\$10,000,000 in cost-of-living increases for retired teachers.

--\$170,000,000---\$215,000,000 if you include some of the figures mentioned above---in direct and indirect property tax relief.

Where will we get it? The only place government can, of course. Out of your pocket. Let me explain quickly, however, that some of the tax increases will be substituting for property taxes. Because we will have no debt next year, that property tax relief will be more than doubled.

Here is the way we hope to get the needed money.

--1 percent sales tax increase.

--75 cents additional on distilled spirits.

--3.5 cents on a package of cigarettes and 25 percent tax on the wholesale price of cigars and smoking tobacco.

--1 percent increase in the bank and corporation franchise tax.

--increases in state income taxes according to a specific formula.

Under this program the state can raise \$865,000,000 next year and \$980,000,000 the following year. This is our plan.

But there is another theory making the rounds, although not included in the administration revenue bill that says California must finally resort to withholding income taxes.

Its proponents talk of a one-time windfall because withholding would mean that in the first year Californians would pay two years of taxes---last year's and the current year's. Then, there is talk of what is called a recurring windfall of perhaps \$20,000,000 a year. This is money that would accrue to the state largely because citizens whose income is too low to be taxed would still have taxes withheld. Many of them would not then seek refunds. This means that this windfall would largely come from those least able to afford it.

I am opposed to the state using such a method to obtain revenue.

Some proponents of withholding also indicate that they think the average man cheats a bit on his income tax. They think withholding would put an end to the cheating.

I reject the idea that the state might take advantage of its citizens or that it should operate its finances on the discredited one-shot windfall theory or that the average man will cheat his government if he gets a chance. Most of us this week had that chance and most of us moaned at the amount the state and federal governments take. But most of us paid up--on full--because basically we are a law-abiding people.

This administration is opposed to the withholding tax and I have stated I will veto any bill containing it.

True, withholding is a painless way of extracting your money. And the very fact that it is painless means government is always willing to ask for more.

Withholding means you don't watch so closely where your tax money is going because it removes your consciousness of the fact that you are paying.

But withholding also tends to make government careless with the management of your money because there is always more where that came from.

I believe the California citizen should know how much he is paying and should be interested in seeing that it is properly spent. Government should manage your money carefully. It is government's responsibility to use your money soundly and wisely.

This administration will accept that responsibility and will not pass the buck onto the people.

We have been told that we must have withholding this year or the state, because of its peculiar cash payment problems, will be unable to pay its bills next December.

Don't you believe it. I have been assured by state Finance Director Gordon Smith that we can meet any cash payments that have to be met if this budget and this revenue bill are passed.

This budget and this revenue bill will put California on a solid fiscal basis.

My fellow Californians, this, in essence, has been a review of the first 100 days of this administration, a period during which we have sought to reverse the trend of 30 years towards bigger, more expensive, more powerful government. The task is not easy. But it is one we will pursue vigorously in the months and years ahead because we are convinced that what we are attempting to do is what the people want done and that it is what must be done if California is to continue to forge ahead.

6/12/67

OFFICE OF THE GOVERNOR
Sacramento, California
Contact Lyn Nofziger
445-4571 6.12.67

FOR RELEASE AT 5 P.M.
PLEASE GUARD AGAINST
PREMATURE RELEASE

Text of Governor Ronald Reagan's Report to the People prepared for radio and television release at 5 p.m. Monday, June 12.

We are not cutting back on the care for our mentally ill and our mentally retarded. It's necessary to say this because a high-powered, propaganda campaign would say otherwise. People are being frightened, particularly the families of patients in our mental hospitals.

Here, for example, is a circular (A CSEA Release) soliciting the state employees of California to contribute tens of thousands of dollars to carry out this propaganda campaign, and the tone of this is "Contribute, because your job may be next."

Now the truth is very easy to find. We are Number One in the nation in the care of the mentally ill because for a number of years we have been taking our patients out of the storage places--the hospitals--treating them in local health care centers and returning them to normal life.

In 1960, follow this line, (pointing to a graph showing the decline in patients and the level of employees per patient.) there were 36,000 patients in our hospitals. In 1967 it was down to 23,000 but at the same time we increased the number of employees by 1,000. The ratio that year was better than 4 patients to 1 employee. Up here it is less than 3 to 1.

Now our reduction of personnel, beginning in the month of July, is only intended to maintain the less than 3 to 1 ratio throughout the coming year.

I know that many of you supporting this campaign are sincere and very concerned. Well, you can find the truth and we'll give you the facts.

There are others who are not so sincere, others who have other axes to grind. To them I can only say "We will not submit to your blackmail. We are going to continue to do what we know is best for the mental patients and what is best for all the people of California."

7/9/67

OFFICE OF THE GOVERNOR
Sacramento, California
Contact: Paul Beck
445-4571 7.7.67

FOR RELEASE 4 P.M. Sunday,
July 9
PLEASE GUARD AGAINST PREMATURE
RELEASE

TRANSCRIPT OF GOVERNOR REAGAN'S REPORT TO THE PEOPLE OF 7/9/67

(Budget and Taxes)

Nine days ago on July 1, the State of California began its new fiscal year--began it with the biggest budget in our state's history. It is not a budget that reflects my philosophy or the approach this administration intends to take to government or government spending.

Under our state law, the Governor must submit a budget one month after he takes office. When he is a new Governor, this means he is handed a budget that has already been made up by those department heads and administrative appointees of the previous Governor. His own administrators haven't even been appointed in some instances or at best are just getting installed. The result is the new Governor must make whatever limited changes are possible and submit the budget to the Legislature.

In the next month or two, he can make certain adjustments, but this still leaves him a long way from what could be called his own idea of a budget. Of course, this "he" and "his" I'm talking about are me and mine. I've submitted the biggest budget in our state's history and I still think the government of California costs the people of California too much. But that is the budget situation for the coming year.

Let us look at the year just ended. From last January until this recent July 1, we of course have been operating on the budget and revenue adopted a year ago by the preceding administration. In spite of the fact that under our Constitution the budget, and therefore state spending, must not exceed the state's tax revenue, we found this was not the case. Not only was all the possible revenue being used, but \$192 million of capital (cash on hand at the beginning of last year) had been spent and additional money borrowed from various trust funds totaled \$194 million more than could be paid back out of the year's taxes. This \$386 million total was the basis for my charge a few months ago on one of these reports that we were spending better

than a million dollars a day more than we were taking in. That \$386 million would be \$412 million if we had not embarked on a cost cutting program last January that reduced the rate of spending by \$23 million.

As long as California continues to grow in population, and as long as federal policies keep us in an inflationary spiral with prices and wages going up, we will have a record breaking budget every year, meaning the budget will or should increase by an amount equal to the increase in population plus the percentage of increase in the cost of living--and that is roughly 8 percent.

Of course that increase should be over a budget that represents the best we can do in achieving efficiency and economy in every government operation. This is not the case in this newly adopted budget. California state government, like Topsy, in recent years has just grown with no real effort to control or direct that growth.

We are going to continue the economies we have started and add to them during the coming year. So far, we can only cut in that portion of the cost that has to do with operations and administrative overhead. The rest of the budget is controlled by legislation enacted into law and it will take action by the Legislature to change these programs. Medi-Cal is a classic example and something must be done before this ill-conceived program bankrupts our state.

There is no question but that medical care must and will be provided for those who, through no fault of their own, cannot provide it for themselves. We have no quarrel with the humanitarian purpose of this legislation, only with the costly, cumbersome and inefficient method of trying to achieve it. Like the rest of the budget, this program should logically be expected to increase in cost no more than 8 percent a year. In the year just ended, it cost Californians roughly \$200 million. This year's budget calls for \$300 million, and next year's projected cost is \$450 million. In other words, it is increasing by 50 percent a year and there is no end in sight unless it is drastically changed. We have embarked on a study to bring about that drastic change.

In the meantime, we continue to whittle away at the costs that can be cut without change in the law. We have reduced out-of-state travel by state employees 79 percent. Over a year's time, that is a

million dollars saved. By consolidating and standardizing our motor pool procedures, we not only have a surplus of cars on hand in every motor pool, we have reduced the state's gasoline purchases by 15 percent.

Improved maintenance procedures in just five buildings have reduced operating costs by 3/4 of a million dollars.

We have reduced the number of state employees by almost 5,000 by simply not hiring replacements for those who quit or retired.

The list of specific savings ranges from a few thousand dollars saved in the purchase of refrigerators to cutting the annual bill for typewriter ribbons in half simply by changing the method of buying. And this is only the beginning. By the end of this fiscal year, we expect to have reduced expenditures in the various departments of state government by about 15 percent over what they were last January.

As you know, some 200 fine citizens of our state business and professional men have voluntarily given up their own occupations full time for a four to six month period to bring their knowledge and business skills to bear on the problems of government. They are looking at purchasing practices, leasing practices, building practices every phase of government business to find where modern business practices can be instituted to improve efficiency and promote a better, more economical use of the people's money.

Let me just give you one sample of their accomplishments in our behalf. Every business or industry estimates office and working space requirements on the basis of standardizing the number of square feet of floor space per employee. Inconceivable though it may seem, this has never been done in our state government where we have more than 160,000 employees. One of our volunteer task forces with the full cooperation of two of our agency heads did this for the two agencies which were scheduled to get a new 10-story building in addition to their present space. Construction of this building was scheduled to start almost immediately in Sacramento. The task force proved there was absolutely no need now or in the foreseeable future for this 10-story building. We cancelled it that very day and that saved \$4 million.

There is not enough money to hire these unselfish, public spirited citizens to do what they are doing at their own expense, and yet a few believers in bureaucracy and big government have challenged them with charges of conflict of interest, implying they must have some ulterior motive. I charge they are the ones with an ulterior motive and that is to mainly attempt to discredit these fine citizens in an effort to discourage them, because reduction in the cost and size of government is contrary to their philosophy.

I don't think you will be fooled by these ridiculous attacks, and I guarantee you we won't. We are going to put the findings of the task forces into operation as fast as we can to save your tax dollars.

But let's get back to the budget--that record budget of \$5,093,306,568. Actually, the budget is divided into two parts, special funds and general funds, and we really should be talking only about the general fund. The other part is bond expenditures and things like the highway spending of the gas tax and the government can't do anything about that. The general fund is the area involving all of the state spending on welfare, education and the total administration of state government. It comes this year to \$3,422,717,337. And this is after I blue pencilled and cut some \$43½ million the Legislature had added to the original budget as submitted. Incidentally, there was another record broken besides size of the budget. The \$43.5 million blue pencilled was the largest cut ever made by a Governor in a California budget.

Even so, this does not mean as some have charged that we are so economy minded we are reducing the quality of the services the state should provide. As a matter of fact, our reductions are all in the area of the increases the Legislature added to the original budget. And not all of those because some \$18 million was added, and by so doing, we think we have indicated a careful consideration of the state's needs and a recognition of worthwhile programs.

In the field of mental health where a great many unfounded charges have been made, we have maintained a budget that permits California to maintain the best standard of care for the mentally ill

of any major state. Last fiscal year the actual cost of care for the hospitalized mentally ill was \$13 per patient each day. This fiscal year, it is budgeted at \$15 ---an increase of 15% in state support.

To speed up our proven plan for successful outpatient and day clinic treatment, we have added \$1,697,000. Under the Short-Doyle Act, we have increased help to local care centers by \$1,250,000. And we have added \$1,865,000 to augment the staffs in the hospitals for the mentally retarded and to take another 500 mentally retarded children off the waiting list and put them into hospitals. Nine hundred thousand dollars has been added to rehabilitate facilities and \$286,000 for evaluation and referral centers for the mentally retarded.

Because our state employees should not have to pay twice for the fiscal dilemma in which we find ourselves once as taxpayers and again by being denied a justified increase in salary, we have budgeted for a 4.9 percent salary increase.

Funds for the state university system and the state college system were also left at approximately budget levels.

So while we may have cut the budget below what some Legislators think it should be, we have not in any instance cut below what we originally proposed.

Although we have made the largest budget cuts in state history, I am sorry we were unable to cut deeper.

I promise you here, however, that regardless of how much money is allocated in the budget, not one cent will be spent during the next 12 months that is not needed. We will operate in the black and we will expect to have a surplus next June 30, if tax revenues stay at projected levels.

As I mentioned earlier, the State of California has a budget, it still does not have a revenue or tax bill that will take care of the demands of that budget.

Failure to get a revenue bill by July 1st has already cost the state 45 million dollars in new revenues. However, let me say the Senate Finance Committee under the chairmanship of Senator Miller, worked swiftly and moved the tax bill out of committee and I am grateful for their cooperation. We have asked for increased revenues

for this fiscal year of 937 million dollars. This is money out of your pockets and you have a right to know what it will go for--if the Legislature approves it.

Well, 194 million dollars of that new tax bill goes to pay somebody else's bill--the money borrowed from trust funds.

Now there are those who say that we can pay that bill off over a three year period or maybe not pay it at all. They are wrong. The Attorney General tells me that under our Constitution the State cannot have more than a 300,000 dollar debt without a vote of the people. Therefore, it has to be paid off this year.

Regardless of the law, however, this administration is a fiscally responsible administration and we would insist that the state meet its obligations and pay off its debts when they are due.

This administration has no intention of running in the red--even if it's last year's red.

Another 170 million dollars of that tax bill will go to provide property tax relief. Originally we had hoped to give 50 million through aid to schools and 120 million dollars as a credit on your tax bills. Once again delay in getting the tax bill has made it impossible mechanically to use this method. As an alternate plan because school costs are the major cause of property tax we plan to make all 170 million dollars available to the school districts.

Then, if we do this it will be up to you, the citizens, to tell your School Boards, "They are receiving additional aid from the state and should reduce property taxes accordingly."

Let me remind you that the ballot is the most effective weapon you have in the battle for fiscal responsibility.

Just as the law requires the submission of a budget so does it require a tax plan to pay for that budget. The plan we have submitted which is now before the Legislature is designed to pay off the debt, get us on a pay-as-you-go basis and, as I have pointed out, return some of that tax to you in an effort to lighten the intolerable burden of the property tax.

There are some who charge that we can get along with much less than has been asked. This is irresponsible talk, just as it is completely irresponsible to suggest we could resort to tax warrants

next December, if the) are insufficient funds to porarily to pay our bills. This state resorted to tax warrants in the depression years and destroyed its credit rating for decades.

Some see a political expedient here they think can serve a partisan purpose, By denying us sufficient money to balance the budget they can force us to ask for more taxes in the coming election year. This is the old-fashioned idea that the voter isn't smart enough to understand such tricks and so will automatically vote against the party that raises taxes--if they are raised in an election year.

I will tell you now--this tax bill, like the budget, does not represent my philosophy. I do not like it and I regret the circumstances that make it necessary. We have asked for no more than we need because I am convinced that when governments get more than they need they will find a way to spend it.

We have a task force of businessmen, financial experts and professionals at work right now on a study of our whole state system of taxation. By late fall or winter I expect them to present for our consideration--yours and mine--a program for tax reform that will lay the emphasis on growth taxes. By this I mean taxes that will bring in increased amounts as the economy and the state grow, thus allowing us to meet future needs without always asking for an increase in rates.

By the time we have this we will also have our task force recommendations on economies and we will have had experience in implementing them. In other words, we will have a pretty good idea of what government should cost and how big it should be and taxes will be geared to real need and not to some empire-building concept of government growing bigger and bigger just for the sake of growing.

Remember, this is not the government's state, this is the people's state and people's government. You can have sound financial policies, you can have solid state programs and you can have fair and equitable taxes if you demand them loud and clear.

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NOTE: There may be minor variations in the actual Report to the People. However, the Governor will stand by the above text.

12/4/67

OFFICE OF THE GOVERNOR
Sacramento, California
Contact: Paul Beck
445-4571 12.4.67

FOR RELEASE 5 P.M. Monday
December 4
PLEASE GUARD AGAINST PREMATURE
RELEASE

TRANSCRIPT OF GOVERNOR REAGAN'S REPORT TO THE PEOPLE OF 12-4-67

(Medi-Cal)

Medi-Cal is in trouble.

Those who argue whether or how much is the deficit are ignoring this simple fact---even with no deficit, Medi-Cal is increasing by 50 percent a year. It went up \$100 million this year, and within two years, it will be costing one billion dollars.

Unless the legislature overhauls Medi-Cal, we will need a tax increase every year just to pay for this program.

Now, I do not believe that any Californian should be denied medical care because of a lack of funds. We've reduced non-essential medical services so that we can continue to give life-saving medical care to those on welfare and to another 160,000 who need help in time of illness.

The State Supreme Court has ruled that we must throw these 160,000 back on the counties and the property taxpayers instead of eliminating these non-essential services.

We have asked the legislature to tell the court they intended us to have the flexibility to run the program efficiently and sensibly. Apparently some legislators would rather ask the people for more taxes each year rather than apply common sense to this problem.

For example, this is a Medi-Cal card given to 1,200,000 Californians. It gives free medical care for any ailment, real or imagined. The holder can go to as many doctors as he wishes, as many times as he wishes.

You the working men and women of California have provided these cards with no control over how they are used. The card holder never pays a nickel. You pay the bill with your taxes---the highest in the nation and you don't know how much the bill will be until it is billed to you for payment. This is truly medical carte blanche.

You are actually being taxed to provide better medical care for these card holders than you can afford for yourself or your family.

This is what the fuss is all about.

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12/17/67

OFFICE OF THE GOVERNOR
Sacramento, California
Contact: Paul Beck
445-4571 12.18.67

TRANSCRIPT OF GOVERNOR REAGAN'S REPORT TO THE PEOPLE OF 12/17/67

My fellow Californians:

We are coming to the end of another year, and in my case, the end of the first year of our administration in Sacramento. Shortly after we took office last January, I made the first of these television reports to you, and it wasn't a happy one. You were told of what we had learned about the financial condition of California's government, and it didn't exactly make for fifteen minutes of laughs.

It was my unhappy task to tell you that a tax increase was inevitable. I told you also that it would be accompanied by the strongest effort we could make to effect economies and reductions in the cost of government. The new taxes are in effect and as a result, you and I are paying more for local and state government than all our fellow citizens in the other 49 states.

But the economies are also in effect, at least those that could be managed by simple administrative orders.

In the few months before the end of the fiscal year, we managed to cut the deficit by \$23 million. Instead of the annual increase in the number of state employees, which ran about 4 to 5 1/2 per cent each year, we now have fewer employess than when we started, and this was accomplished by just not hiring replacements for those who left the service.

Reforms have been instituted in purchasing equipment and supplies in office space requirements, even the phone bill has been reduced by \$2 million a year.

In those departments financed by the gasoline tax, enormous savings have been made in administrative overhead, so much so, that we are starting \$99 million worth of freeways and highway projects a year ahead of schedule. Now, this is \$99 million worth of red tape that has been changed into miles of paving. That department, incidentally, is doing 30 percent more with 11 percent fewer people. Put another way, without the economy, it would have taken an increase of 1 percent in the gasoline tax to add the extra miles of highway.

Not all the economies were joyously received. Some that were actually necessary and desirable changes in programs, where economy was only a secondary goal, were met with great resistance.

One of these was in the area of mental health. Needless suffering and pain were inflicted on many patients and their families as a result of misunderstandings brought on by false charges and distortions.

Now let us look for a few moments at the issue that has probably aroused more feeling and has been more misunderstood than perhaps any other single controversy this year. The old concept of taking care of our mentally ill was to crowd them into huge institutions and provide little more than custodial care.

Several years ago in California, we began to change that concept, helped along by the advent of new tranquilizer drugs and new approaches to treatment. Under the Short-Doyle Act, we set up out-patient clinics to enable us to treat the mentally ill in familiar surroundings and in their home areas. Now this, alone, has a beneficial effect on the patient. Under this new method of treatment, we have been able to move more and more of our mentally ill out of the hospitals.

Eight years ago California's mental hospitals had 37,000 patients. Today, they have less than 22,000, and the number is still declining. And so, what we have set out to do is simply reduce staff proportionate to this decline in patient population. But because this new way of treatment has worked so well, the budget for the program was increased this year by \$5 million, and next year we plan to increase it even more. At the same time, we are maintaining the same level of care for the hospitalized mentally ill that has made California's mental hospitals the best among major states and among the very best in the entire nation. Doctor James Lowry, who heads our mental hygiene program, has my personal instructions that those levels will be maintained, regardless of the cost. Now, because of our approach to mental health, California returns a greater percentage of mental patients to a normal life, as cured, than any other state.

Now, one of California's greatest resources is on a system of state-supported higher education--the University of California and the state college system--and as governor, I am

determined to maintain and protect that resource for those who currently are attending one of the many campuses, for those who will attend in the future, and for those who foot the bill.

Now, bluntly, this means that this administration will do whatever is possible to maintain order on our campuses, so that the vast majority of students who attend to learn and to study can have that right. I have no intention of taking or seeking any action that might smack a political interference in education. But it is not political interference to demand that those attending these public institutions of higher learning either follow the rules, or get their education elsewhere.

And it is not political interference to say that there is no place in our college and university system for those teachers and professors who lead or join in the disobedience and law breaking on campus. Without question, just as we demand protection for the principle of academic freedom, so do we have the right to demand adherence to the principle of academic responsibility. This governor and this administration not only demand that, they also are going to work to make certain that our institutions of higher learning remain centers of study and research and do not become staging areas for civil disobedience, riots and insurrection.

I have asked the Trustees of the state colleges and the University Board of Regents to spell out to me what legislation, if any, is needed to control their campuses, and I promise that this administration will sponsor and actively support such legislation.

While we are discussing higher education, I would like to talk briefly about another issue that still is only partly resolved. That is the question of tuition or a charge to be paid by the student as a part of the cost of his education. The University Board of Regents has already approved the charge in principle, and I expect that a special regents' committee will soon bring in a recommendation regarding the amount and what it will be used for. I am hopeful that the Regents will approve in principle what I chose to call the "Equal Education Plan". This specifies that money raised by the charge would be used for three basic purposes: To provide loans and grants for needy students, to provide additional teaching chairs as a way of enriching the quality of education, and to provide some funds for capital construction.

The "Equal Education Plan" would make it possible for many to attend college who cannot now afford to do so.

Now, as I said earlier in this program, this has been a year of putting our fiscal house in order, attempting to set a climate of economy and responsibility in government. What lies ahead? Unfortunately, the fiscal picture is still pretty grim. But we believe an imaginative and creative government can devise and develop progressive programs that will benefit all our citizens without taking their money away from them. We expect, for instance, to present a basic tax reform package that will not take any more of your money, but that will more equitably distribute the tax burden and eliminate the hodge-podge tax system that has grown up over the years.

We will have an imaginative traffic safty program, aimed at taking cronic alcoholics off the highways, and, in other ways, improving highway conditions and saving lives.

We expect to present new approaches to solving many of our current pressing problems, such as rapid transit, water and pollution.

We have reached agreement with the State Bar and the Judicial Counsel on a method of taking selection of judges out of politics, and will present legislation accomplishing this to the legislature in January.

We will again ask for legislation granting labor union members the right to secret ballots on union policy matters, and establishing a two-term limitation on the governor's office.

In addition, we will continue to press for economy in all areas of government.

Now, along with the economies we have already made, we believe there are other sizeable ones which can be brought about if the legislature will act to implement some of the findings of our task forces.

As you know, 240 of our fellow citizens have put in six months or more as full time volunteers, studying every department of state government, to find where modern business practices can be employed to make government more efficient and less expensive. Their recommendations are now in our hands, and we will be asking your representatives in the Senate and Assembly to adopt legislation putting them into effect.

Each year we have to expect the state budget to rise about 7 or 8 percent, so long as our population increases at its present rate and prices continue to rise because of inflation. But those increases should be based, to begin with, on a budget that represents the best we can do in efficiency and economy. And I don't think we have achieved that as yet.

For example, the cost of many of our social welfare programs is increasing far more than 7 or 8 percent a year, and there seems to be no logical reason why this should be, or why we should not have the legislative reforms to bring them under control.

I am sure you must be a little mixed up about the charges and countercharges in recent weeks over Medi-Cal. Now this is a part of our overall Medicare program aimed at providing full medical service for everyone in welfare, plus medical care for those who are not on welfare but who are not earning enough to afford a doctor or a dentist. This latter group is described as medically indigent. Now, the program was budgeted at \$600 million for the present year. But in July, we estimated the program was spending at a level of \$810 million a year and, consequently, was heading for a \$210 million deficit.

In August and September we instituted a combination of administrative changes and economies totaling \$112 million. We did this by limiting hospital stays to eight days, tightening up on admissions to nursing homes and rolling back physician fees to the January 1 level.

Now the projected deficits stood at \$98 million. And we reduced or eliminated a number of services for less serious ailments, e.g. dental braces, reading glasses and so forth, so that we could continue to provide life-saving surgery and treatment for all who are eligible. These were the cut-backs the Supreme Court ruled against, and in effect said that, before we could deny any service to a welfare recipient, we would have to deny all service to the 160,000 people classed as medically indigent. Working with more up-to-date information, and with 6 or 7 months more data than was available when the budget was prepared, our people agreed that the original estimate of the deficit, \$210 million, was too high, and they subtracted \$27 million from that. So now, we get down to a \$71 million deficit. But in the face of the court ruling, the legislature must give us the flexibility to continue trying for

further economies, or we will be faced with the impossible choice of either dropping 160,000 medically indigent back on the already overburdened property taxpayers of the counties as the court has ordered, or asking for a tax increase every year just to pay for Medi-Cal. Because the plain truth is, even if there is no deficit, even if we stay within the \$600 million budget this year, the program is so lacking in sound control that unless it is restructured, it can be costing \$2 1/2 billion in just 4 years or by 1972.

Now all of us will be faced with some hard choices in the months ahead. Many things will have to be curtailed. But, I am sure you agree, we cannot afford anything and everything simply because we think of it.

Very shortly we will have the report of the tax task force I mentioned earlier. But this would not change our basic determination not to ask for a tax increase. We are not going to continue down that same old spendthrift road because we are afraid to make the hard choices.

Maybe the time has come to change the subject a little bit, because of the season. You have heard about what we have to do and what we will do with regard to these cuts. In this particular cut of Medi-Cal, we must come to an end of providing completely unlimited and uncontrolled medical care...better than many of our wage earners can afford for themselves.

I received a Christmas card though, (this is the change of subject). In fact, we all received the Christmas card. It says:

"Dear Sir: It is hard to express the thanks all of us here in Vietnam owe the American people. Being a native Californian, I hope I can extend our thanks and best wishes to all the people we love, through you. Our task is not easy, pleasant or safe, but there are thousands of good people back home who make our job more bearable by sending candies and cookies and notions. Many of these packages come from large organizations, but some of the most pleasant to receive come addressed to the American GI from the real American John Smiths Jim Jones and Sally Browns. On most occasions we try and send

a "thank you" note. Sometimes this is impossible for tactical reasons. I only hope that you can find some way to tell Mr. and Mrs. America, 'Thanks for remembering us, because of you we, too, will have a Merry Christmas.'"

And it is signed Lt. William E. Lopez, 327th Infantry, the 101 Airborne Division in Vietnam.

They are writing to thank us, when we are so much indebted to them. I know, and I am sure that all of you share the common prayer that before another Christmas comes, they will all be back home with us.

And now, in this particular season, and with that prayer in mind, may I say to all of you, and from all of us in government in Sacramento, a Very Merry Christmas and a Happy New Year.

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