

STATE OF WASHINGTON
EXECUTIVE DEPARTMENT

O L Y M P I A

Albert D. Rosellini
G o v e r n o r

A STATEMENT BY THE GOVERNOR:

One of the most vital needs of any modern nation is a rapid transportation network. Since the days of the Roman Empire, we have known that no nation can be strong, nor can the economy be prosperous, unless people and goods can move freely.

In recent years we have recognized that our state highways must constantly be improved to take advantage of the technological advances in motor transport. It is therefore appropriate that we join in the National observance of Highway Week as a means of emphasizing the part highways have played in the growth and continuing progress of our state.

NOW, THEREFORE, I, Albert D. Rosellini, Governor of the State of Washington, do hereby designate the week of May 26 through June 1, 1963, as

HIGHWAY WEEK

and urge all citizens of Washington to join in observances of this week.

/s/ Albert D. Rosellini
G o v e r n o r

Office of the Governor
November 21, 1967
4:00 p.m.

Transcription of Press Conference

Gov. a legislative session will not be necessary at this time; therefore, I will not expect to call a special session of the legislature. That does not mean that a session might not be required at a later date. The allocation of \$8.15 million will virtually drain the \$10 million contingency fund. A court suit has been filed just yesterday. We were served with the papers this morning that would, in effect, eliminate the residency requirements for public assistance in the State of Washington. If the federal courts respond with an injunction that is being asked for and if that injunction were to become effective by January 1 of next year, the additional cost to the State of Washington would be close to \$10 million. This, in itself, would trigger a special session of the legislature or drastic cutbacks in public assistance grants or a deficiency appropriation. This is something that is not contemplated; we do not have money in the contingency fund to take care of; it would be a severe blow to the state. Of course, we don't know at this time what the court case will bring or what the results will be. But as far as our own programs are concerned, the needs as we have judged them during the legislative session and as we have brought them up to date now, the \$8.15 million we think will take care of it, and will make a special session of the legislature at this time unnecessary.

Now, unless there are some specific questions right now, you might want to go briefly into the presentation which I think will give the background information which I think is pretty important.

Cummings: Governor, I would like to ask one question: Has the executive committee of the Budget Committee and the Council agreed to recommend the use of the contingency fund for this purpose?

Gov. Let me go into this. I, through a written request as is required by rules of procedure, have written a letter to Senator Foley who is chairman of the Budget Committee and Representative Eldridge, chairman of the Legislative Council. I know that they are together now setting a joint meeting of the two committees this Friday, I believe, in Seattle. The presentation will be made to the full committees by our Department of Public Assistance and Central Budget Agency and I presume they will be asked, at that time, to approve the allocation or at least indicate the approval of the \$8.15 million and if that passes by a 60 percent majority, it will happen; if it does not or for some reason the legislature feels they should not authorize or allocate this money, then we will have to institute ratable reductions starting January 1, 1968.

Q. What are the chances, Governor?

Gov. I think the chances from the expression of legislative leaders gathered here today were pretty good - they all expressed concern. I think the last thing any of them want are to institute or be responsible for instituting reductions. If there was any question

it was just a question of how we could maintain maximum flexibility in the contingency fund. In other words, could we appropriate or allocate on a quarterly basis in order that we don't deny ourselves the opportunity of handling a more severe crisis in some other field at a later date. I fully agree with this idea, but the needs right now are, at least, to have approval of the concept or the total amount so that we know where we can go for the remainder of the biennium.

Q. How soon could these projections change, Governor? During the next month or the next quarter?

Gov. Projections can change, of course, rapidly - they can go up or down. This is just an estimate of what will happen for the remainder of the biennium. As I say, by the end of this year, we will have gone through six months or one quarter of the total biennium. If no further funds were to be allocated, it would require, again based on our projections, an 8 percent ratable reduction starting January first across the board for all programs in order to stay within our budget as is required by our appropriations act. Now certainly they may change. We hope through the continued efforts of the Department of Public Assistance and their job training program, in their education program, that we will be able to cut down these roles. If we do, everybody will be better off. In fact, if we had not had a very effective job training program and job seeking program over the past year, I suspect that the \$10 million contingency fund would not be enough now and we would very likely be calling for a special session. So I think the Department is to be congratulated on the work they have done along that line. I would like to turn, I think, Walt if you and Sid can very briefly go through this, it's pretty important background to have because it also deals with where we are in education and the other financial problems in the state.

Walt: Thank you, Governor. While you're here to hear about public assistance, I thought it might be appropriate to give you this information we gave to the legislators with regard to particularly the other field of public expenditure which has potential for problems of a size that might create need for both a special session or funds from the contingency fund. So I will run through as quickly as I can the projections in the education area. We built our budget on the estimate of approximately 745,000 full time equivalent students. The first month of this first year there were about 747,000; as in every other year it jumps up in the second month and jumped up to 753,000. These lines down here indicate the trend lines from that point in the last two years. Last year, you may remember that there is always a fall up in that high point and it was very gradual and almost non-existent last year because of the increased population. The historical trend and also the year before indicated a substantially greater fall up. These two orange lines have projected these two types of trends and assuming the trend of last year, you come to about a full time equivalent load of 752,000 versus 745,000 the more usual projection it would come out around 750,000. This red line down here indicates the third months' actual enrollment which you see falls somewhat in between the two trends. Conservatively picking the top figure

of 752,000 this would result in a deficit to the Superintendent of Public Instruction of about 3.1 million dollars in meeting the K12 needs. However, the Department of Revenue at our request has come up with new estimates both in the area of the 1 percent real estate excise tax which goes to local government for funding of schools. As a result of which they estimate an additional 2.8 million dollars revenue for local schools over and above which we estimated in the budget and they also looked at the actual assessed valuation for the first year of the biennium versus the estimated assessed valuation and came up with a figure of an additional quarter million dollars revenue for local schools as a result of this. In comparing the estimated deficit with the estimated revenue over what was projected it would certainly appear at this point that there is not a problem in the K-12 program requiring assistance. There are some additional problems no doubt in here with regard to impacted funds but they appear to be very minimal in comparison with the difference between the two. Turning to the community college area, the estimate of the average student load for each community college for the first year of the biennium the total estimate was about 44-1/2 thousand. The actual November - and again this is the average for the entire year adjusted through the K-12 program - the actual November figures came out about 1650 above that. Assuming as I think we can historically that there will be a five percent decrease in enrollment over the year we would expect an annual average again back in terms of the average of about 43,780, about 700 less than this - less than what we estimated for the year. Now there are increases and decreases at the beginning of this year in a number of schools from what we estimated. On the average it would appear throughout the biennium again that there is not a problem requiring assistance at this time. For the four-year institutions this black chart is the estimate contained in the budget for the first year. The red bar is the actual enrollment at the beginning of the first year and the green is an estimate for what the enrollment will be during the second year of the biennium. Higher education -- we do estimate build the budget on the basis of the estimate at the beginning of the year different from the others. Notice the universities - about 800 students above what they estimated. Washington State University is about 75 above and three colleges are from 25 to 150 below what was estimated. So again, I think we can assume that there is no financial problem requiring assistance in the area of colleges and universities. I think we ought to look very briefly at consumer price index in Seattle. This green trend line is the new estimate - up to here it's the actual consumer price index. The green line goes on with what we now estimate as the probable price index indicating the level of inflation in the State of Washington for the remainder of the biennium. The dotted line down here is the estimate contained in the budget. For the county, year 1967, we are estimating for the period from 1960-65 the average increase in the price index was about 1.4 to 1.5 percent a year. In calendar year, 1967, we estimated it would be about 2.7 percent. For '68 and '69, we drop back again to the more usual 1 1/2 percent. We have projected for calendar year 1967 rate of inflation, the change in the price index will be about 2.9 percent versus 2.7 percent and for the last three months reported by the bureau of labor statistics this figure has increased at an annual rate of

3.2 percent substantially above that we are estimating for the year. We now estimate for calendar year 1968 the price index will increase at about 3 percent or double the rate that we included in the budget of 1.5 percent. The calendar year 1969 - I think somewhat conservatively, we have estimated it would increase at a level of 2.5 percent rather than 1.5 percent. All of these figures assume a 10 percent tax increase at the federal level as of January 1, 1968, on which we can all speculate.

Gov.

I might just introduce here that this rather marked increase in inflation over the estimates that were put in our budget in the last year of the biennium may have the impact that increasing tax revenues have -- some just due to inflation. Higher prices, when we depend so much on a sales tax for revenue, would mean higher tax revenues but at the same time it will also mean at the next regular session of the legislature, I am sure, that some severe pressures for salary increases or other relief prior to the end of this biennium, so that while the two may go hand in hand, they get some revenue increase from inflation during the second year because of this rapid growth in inflation which we didn't anticipate. We will also have some very severe pressures on salaries and on prices in the state government. One example of this is, for instance, in 1968 the difference between Seattle policemen and a corrections officer with the same education and experience requirement will be something close to \$150 a month. Now we have many other classifications that are beginning to approach this differential and this and other problems. I'm sure, will be on this during the next regular session.

Walt:

In addition, it certainly has some importance and some impact on Mr. Smith's program on which he will comment a little bit later. The last chart isn't particularly significant; very briefly through April, which are the last figures available, population is falling just slightly below what we projected. We projected we would be at about 3.2 million by the end of the biennium. I'm sorry, I guess 3.2 by July 1, 1967. The fact that in the Seattle area employment has increased somewhat more rapidly in the second and third quarter and the fact that in the educational area the enrollment increase continues in the eighth grade but decreases somewhat in the high school area suggest the population is increasing in the state a little more rapidly than this line would suggest, so I think - we think - at this point that population is just about on the projection. I would like to just close my comments by reading one paragraph out of the Quarterly Review put out by the Seattle First National Bank. They are talking about the increase in unemployment compensation claims and at the same time the fact that employment remains tight in the Northwest. They state that in large part, however, the growth in claims reflects the substantial increase in the number of workers who are able to secure jobs, at least briefly, during the employment surge of 1966, and thus qualify for benefits this year. Ironically, almost 1,000 of the additional claimants this August will earn their qualifying wages in the transportation equipment industry. During its rapid expansion last year, the Boeing Company inevitably stepped up in its hiring of some workers who proved

Walt Howe: unsuitable and who are now swelling the count of insurance claimants. I think this is also, as Mr. Smith will explain, part of his problem and this comment has even greater significance for as soon as these people utilize or use up their eligibility on unemployment insurance those who are not his problem will become his problem somewhat in the future. You are here to hear about public assistance and if you have any questions, I will be happy to answer them but basically I intend to turn it over to Mr. Smith.

Gov. Sid.

Sidney Smith: Thakk you, Governor. I believe each of you has a copy of these charts - they should be attached to that letter you received. I will walk through them rather hurriedly, then if you have questions, I would be glad to This first chart portrays what the legislature gave us in the way of an appropriation for the current biennium which totals almost \$316 million. This chart shows it broken down by the source of the money and where it is spent. In the first chart, you see approximately a 50/50 split - the state really is 53 percent, federal 47 percent, as a source of funds - and where does the money go, 48 percent of almost 50 percent of our total budget goes in money grants to recipients and outright money to the recipients. The balance we have in here, administration and services, is where we are trying to help the people but no money grant is necessarily involved. The money grants for nursing home care, other medical care, burial, prevention of blindness - you note the medical care, about 36 percent of the budget - currently and historically nursing homes taking about half of that 18 percent. So much for the appropriation. Where are we after four months into this biennium. Using the \$360 million budget spread over 24 months for the biennium and spending at the rate that we are going, we are, in essence, over spent \$847,000 in the first four months. Margin of error, 2 percent - that is not bad when you consider that we begin preparing this budget three years before its ending date. That's what happens with the system we have at present. Well, why are we overspending? Total is 847 plusses and minusses the old age assistance category with over expending its current rate of 409,000 - underexpending in aid to blind, overexpending in aid to the disabled. But the big category is the one we presented to the Legislative Budget Committee in July, still caryining on after four months, over-expenditure in the aid to families with dependent children in the regular account - \$1,108,000. Employable category - taking sub-division of this - employable categories are still considering the favorable trend of under-expenditure for the employer. This is where it has paid and ought to work with employment counselors, with the Employment Security Department - of putting the people who can work to work. Foster care is down in this category; overspending a bit in the other foster care; general assistance is up, burials, nursing home care and other medical care is down. There may be various reasons why they are down; they may not continue at this rate through the biennium, particularly when we get into medical care we must keep in mind that the vendor to the department do not have to

bill us until sixty days after they have completed the service so the biennium only being four months along if they completed the service two months ago it is lucky to have the bill in by now. So even though this is under now over the whole biennium we'll not be minus but hope we will come pretty close to what we projected.

Old Age Assistance - let us look at it graphically and see the difference of what we projected and what it is now. These are cases in Old Age Assistance - cases just about represent one person. In Aid to Dependent Children this is not true. When I get to the chart I will explain it. But here is what has been happening. Here was our appropriated estimate in red the bottom line in your chart. Note that right in here you now have a revised estimate. The logical question is "Why in Old Age Assistance?" We believe that there are so many people in our economy living on fixed incomes which are low and they live right at the threshold of getting on public assistance. Now had the Congress passed the bill they have in consideration right now HR 12000 which is the increase in social security benefits last August or September we do not feel that this line would have necessarily gone up because historically Old Age Assistance will come up and then they get the Social Security increase and it tends downward and they stay off assistance just as long as they can but they just can't quite make it (Wilt has explained to you) in rising inflation and the cost of living - they just can't quite make it and they have to get some supplemental money from us. So as this line right here our new projection takes into consideration increased benefits from Social Security we will be at a higher rate than we were but continue in the same slope down. That bill is presently in debate on the floor today and will probably go to conference next week and we will see what happens when that time comes. Old Age Assistance is not the one causing us the real problem - it is the aid to dependent children.

This is what has happened historically since 1964 - the fluctuations up and down. You will note over this line there are certain amount under not over averaging out here. We used this as our basis for projection when we went to the legislature in January. This red line was our estimate and you will note that in the last year of the biennium we did project a heavier caseload far greater than that which we had over here. We did this on the basis of what we believed would be the fallout of the economic boom in King Snohomish Pierce area particularly. We did it on the basis of the --- what we get on the outreach programs - these are the motivated mothers ADC mothers who have organized themselves and are out working - knocking on doors and bringing in other mothers for medical care. We knew this was upon us but we did not know for sure the magnitude of it and the timing. In the magnitude and timing we were wrong. It fit us back here where we are now. Here we were projecting this for our average for the second year of the biennium so they are already higher than where it projected it to be the last year of the biennium. The magnitude is greater - the timing and the magnitude although we foresaw it not sufficiently to forecast it as I mentioned it to the Governor and the legislative leaders they would have thrown me out had I suggested this line and asked for funds to come on up here because we had nothing in substance to base it upon. We had to go on the historical data we had.

Now here is our projection continuing on up here. In these cases if you come here now to over 15,000 cases -- this represents 55,000 people. You are talking cases here, but you are counting the mother and her children -- so these are individuals -- mind you, these are kids, these are not people you put to work -- this is the area growing so the panacea is not - let's get 'em all working. Let's hope we can keep them in school and educate them so that when they do get out of school, they can go to work and can hold a job and not perpetuate themselves on public assistance.

This is another way of showing what has happened historically. This is on an annual fiscal year basis. You can pick any point and time. This is where we are now. July '67 - beginning of the biennium right here now - these are the differences. You have them on your chart, over the year - increased by month - we are carrying 25,015 cases in October, more than you carried the previous October. You can pick any October during this period. The green line is 1966. You can see where '66 was lower than '64 or '65. And now we jump clear up here. So this has something to do with our projection. This is a national problem and is not just a State of Washington problem and we are better off in this state than a good many states but this chart portrays the time across the bottom, in fiscal years, using 100 as an index here, measuring it out this way and all this distance represents a percentage increase in ADC caseload over 1964. We take the red line through here, the U. S. average, come out here -- this is 27.7 percent right now. That is not on your chart. You may wish to refer to that. The black line represents the State of Washington at 26 percent. And this purple line is Oregon at 25.7. Now we do have the green line on labeled "California". I would like to point out that Maryland is here at 86 percent; New York is there at 83 percent and Delaware is there at 84. California does not stand alone; what we tried to show you is the west coast states. A good many states right here showing an 80 percent increase in ADC caseload since 1964 -- we are right down here in the twenties, you see, on the national average. Now, where is it going? The average - I don't know. You can speculate. The rest of us - look at Oregon coming up here faster than we are. Are the rest of us going to do this? This is the big imponderable and what we have to project to the legislative leaders for money in this area.

Another reason we came in to ask the Governor and the legislative leaders for additional funds to carry on the program that they gave us to do at the last session of the legislature, is that the cost of living is up. Now our costs are up - increase of caseload. Secondly, they are up because a typical family - a mother and three children - we had estimated that her grant - family grant would be \$263 -- instead this turned out to be \$269. In the Old Age category instead of the average being \$205, it is \$213. So the costs are up. Why are they up? You have to go back a moment to, how do you compute a grant. A person comes in, how do we determine their needs - food, clothing, shelter, taxes - these things. You add all these things in and unless you hit a maximum, you continue to pay until we get all of these things covered. Now, what is causing us this problem?

Sales tax was increased as we are all aware from 4.2 to 4.5 and no money was added to the Department's budget to cover this. Yet, when we pass on this sales tax increase to the recipient, he has to pay it, and we have to include this increase - .3 percent in his grant in the amount of need. Higher rentals - this is related to property tax increase. In 1967, we are well aware of the great increase in property tax during that time. And the recipient on a low fixed income - some Social Security, some from us, have to pay a higher property tax - we take that into consideration and put it in his grant. Now for those who do not own their home and are renting, landlords, in many cases, got hit really hard on this - what they do, if their tax increase may have been only \$2 or \$3 a month but you don't pass rent increases on that way. You increase it \$5 or \$10 a month. They were not at the maximum rent. We plugged in the increase the landlord passed on to the recipient. So the so-called simplification by the federal government -- that we simplify our procedure of computing grants - it is quite a dialogue. We disagreed with them about the simplification. We felt that we were doing some things pretty well compared to other states. The other thing was that it would require a great deal of money to do it the way they wanted and we did not like them setting priorities of how we spent our money. We felt that getting the grants and standards up to date, getting the medical programs, some of these things were far more important than fitting their program of reducing the number of age breaks and doing some clerical simplification. The long compromise - although we are doing some simplification in accordance with this, it did cost us some money, we have what we believe now, a reasonable program, not the one that was imposed on us - but it did cost us an excess of \$1 million unplanned for. Rising medical costs are another thing and taking into consideration our requests for money, the chart pretty well explains. This is the U. S. Bureau of Labor Statistics. This is not Washington State. Nationwide hospital costs are increasing about 25%; we are running about 22-23 percent - just under this national increase. Where does this bring us then? This brings us to the page which is the request for money, this being the total federal money; this is the state share. This is how we would propose to spend it. The request was for \$8,150 million. You have it right there in your chart. It would be spent in administrative and services and I would point out that \$1,596 million administrative is not for expansion, not for any goodies in the program but to hire enough supervisors - caseworkers and clerical help to do the job that we discussed with the legislature during the last session. You should keep in mind that in this Aid to Dependent Children category, we have the federal standard on staffing - the caseworker carries 60 cases. 60 cases, you will recall, can have 180 or 200 people but it would be 60 cases. Now you are required to do that in order to get your federal money you staff to that. Where do you get the staff when the load is going like this and you have no money? Well, you take it off the other categories - the Old Age Assistance - so you rob these cases and put them over here and then these caseworkers' loads begin going up like this. Currently we don't get this. And what we are arriving at right now, we're carrying in these other categories, about 25 percent bigger cases than that which we had discussed with the legislature

during the session. So this money would provide us - at least with staff just as we had discussed with them during the session. Old Age Assistance would take this much more money in state grants to care for the . . . the blind, the old and disabled, and here again the big category with some plusses and minusses is the ADC which takes almost four million or just under half of it for that program alone. Foster care needs three quarters and general assistance needs three quarters with fluctuations of plusses and minusses. Total medical care is down - projected down - but this is on the basis of primary treatment and this is on our projection of nursing home care. This is because there are not beds and where beds are available, such as Colfax ... there are not many people demanding them. Counting our last check - the last count available in King County is about 13. That's not very many in a county such as that. There has not been the expansion as yet as expected. It is the plusses and minusses and you all have heard about the high cost of medical care. We are not saying there is not this high cost. I am just saying the change in plusses and minuses should get us through right here and that is our current projection. We are not out of the woods. Other possible problem areas - now, I have not asked the Governor or the legislature to fund these at this time. All we have asked for is the 8.15 but all of these are in the ... and could happen to us before the next legislative session or in the balance of the biennium and cause us to call a special session. Under Title 18, the Supplementary Medical, we are now paying three dollars for every 65 or over patients for their insurance and there is talk of raising it to four dollars effective April and if that should go through, then we would need another 300 hundred thousand in state money. That is not the big one - the big one is the elimination of the residency requirements in all the four categories. The only category that does not have a residency requirement is the blind program. This is, as the Governor stated - this case was filed in the federal court yesterday and we were served today. They have asked for a temporary restraining order to keep us from imposing our residency requirements until this case is decided. Whether this will happen we do not know. In three other states where it was asked, it was imposed. Let's assume that they did impose this on us. Effective January 1968, it would take an additional 9.7 million in just state money. This is a complicated projection of people coming into the state, people staying in the state, people that are here and are not eligible getting on again. It could be the top of what it would cost. This is that our state would go it alone. A few eastern states have this required of them now - Connecticut has the United States Supreme Court The nine million that Oregon and Idaho would just sit there as they are now - they with residency requirements and we without. Now that would be reduced. Let's assume the Supreme Court decision on Connecticut was applicable nation-wide, evoked immediately, we would reduce this number, we feel, to something just in excess of 6 million dollars but then residency requirements could topple all states at one time. In any event, if it is 6 or 9, it would be trouble. Another area - some attorneys have been having hearings with us regarding the maximum on the grants ... there is a maximum of the grants of 325 dollars. The maximum in our state is \$325 a month regardless of how many children. So let's assume seven children - they

reach the maximum by the time they reach the mother and five children and they allow no money then for the next two. Of course, in the states where this has been tried, they have ruled against the Department because it is discriminatory against the other children and you cannot operate on the maximum. Now each of these pieces is placed alone. You can see where, if you did not have a residency requirement, it might have an effect. If you take off the maximum, it might have an effect on who would move into the state so they have been placed separately but there is an interplay that we will have to do some work with but this only hit us yesterday and we have not had any time to work with it as yet. Another area where we are working - the federal government - where we are protesting would cost us eight hundred thousand dollars - and is called the elimination of the mandatory deduction. Currently, when we build a grant on a family, it's \$200. Assume the caseworker finds out somewhere along the line they did receive another hundred dollars - they worked for it or it was a gift or something of this nature. What they are supposed to do - they are supposed to use that \$100 extra they got as a resource to live on, the State is not supposed to pay them same amount. That one hundred dollars they are supposed to live on and they are not supposed to get than one hundred from us. We take that amount out of the grant but what happens, we sometimes find this out after the fact - we consider them having used the money a debt owing the state. We reduce their grant up to maximum of ten dollars a month until that one hundred dollars is paid back. The federal government now is telling us we can do this no longer. If the money is there and you find it out, you can require them to live on it but if they have already spent the money, you cannot require this and you cannot reduce their grant. You have stated it took 200 hundred for them to live on - how can you lgive them \$190 or \$180; anything less than \$200 when you said it took that much to live on. This is their reasoning. They are trying to impose this on us. Between legislative session, we are fighting it. We do agree with it philosophically. With it necessarily there are some fiscal problems. We will see what will happen. Now the legislature did approve an additiona 7 hundred to 8 hundred thousand dollars to bring the grants up to date next July the last year of the biennium the recipients. On the basis of the cost of living increase, if we were to do that with the intent that we all had at that time, it would take another \$620,000 to keep up with the inflation. The other items, this 12080, the Social Security bill, that is presently in the Senate ... this could have an effect on us - we have not taken a position on it. It will go to conference committee undoubtedly next week - I will answer any questions that I can.

Ferguson: What are the other reasons for a special session?

Gov. I pointed out that if the session were to be called, there were other problems and we still may have a special session of the legislature. At the present moment, the figures we have indicate we can stay within the \$10 million contingency fund if the legislature approves them, if they do not, we will have a special session or ratable reduction. If residency requirements proceeds as rapidly as it has in some other

states under the same circumstances, I think we would be just putting off the special session for a short period of time. But if a special session is called, I think we, once in, have got to look at the total financial picture of the state even though we don't go beyond that.

Ferguson: How long have you known that you were not going to have to call a special session?

Gov. Well, we have been getting more information up to just the last day. In fact, the information on the residency suit didn't reach us until - I didn't know the total figure until they presented it to me this morning.

Question: Governor, you said special session or ratable reductions. Is that a serious alternative, or . . .

Governor: It is not an alternative as far as I am concerned. I don't think that it is a reasonable alternative or the right thing to do. It is an alternative but I certainly would call for a special session before instituting ratable reductions.

Flynn: Governor, this residency requirement among the things of other possible problem areas. How have you known about the first nine pages, for instance, the \$8.15 million?

Governor: This, again, as we get new information - it is changing. The last information said, I think, it was just the last couple of days.

Smith: Right here, ladies and gentlemen, we were still putting ink on them today. You can see what happened. Our data is normally not available to us until about the tenth working day of the month. What we want for the Governor, for legislative leaders, for the Council and the Legislative Budget this Friday, is the latest information -- all of this together and could not get to the governor until we have this. You will recall that before we only had one month, and we made the request: Let's not do anything until we have some more information. When you get four months on the thing, it will give us an indication and we had to wait this long. This last month, you will note, there is no cost impact on --- we thought that the removal of the maximum grant would go first because that has been hanging fire ready to go to the state superior court for several weeks- several months. This maximum grant thing came about yesterday - about 9:30 in the morning - and I was standing there and they came in and served the papers on it. Our staff did a splendid job and stayed last night and this morning typing this thing up.

Gov. Let me re-emphasize that we are not out of the woods yet by any means. This is an attempt that we hope will be successful to avoid the necessity of a special session. The allocation, if the legislative committees approve, \$8.15 million, leaves us with only the leeway of \$1.85 million left in the contingency fund with about

\$850,000 unallocated in there. It is not very much money to take care of emergencies or changes that might occur in the course of the next year preceeding the next session of the legislature. The caseloads as we project them at this time, we think, will require this much money. We will do everything we can to emphasize job opportunities, training opportunities, any way we can to help keep people off the tolls to give them opportunity to get off. If the caseloads go the other way, however, if we continue to expand beyond our estimates, we would very quickly run out of any ability to handle problems.

Question: Are you optimistic of the fact that a special session can be avoided? Not now, but say, three months from now?

Gov. I guess we would be back into the guessing games. I don't know. I think the thing, the most significant single issue that could lead us to a special session, at least would give us some severe financial decisions to make, would be if the courts were to allow injunction on this residency requirement thing. If the federal court forces us to that, then they may well force us into a special session.

Nelson: Governor, do you know if any other state where this has come up - injunctions have been granted?

Governor: The word we have is that in three states they have. We do know that in three states, court decisions have already been issued and in all three cases, the court decisions have been in favor of the plaintiffs, in other words, eliminating the residency requirements. These are based on constitutional ground, federal constitutional ground. My own legal staff has analyzed the suit; they think the chances are pretty good that it will succeed here in the State of Washington. The question as far as money impact is concerned, is whether they will authorize an injunction. Now the word we have is that three states' injunctions have been authorized and we are trying to get some better information now so that we will know for sure. That part of it is now only second-hand information.

Baker: I am not quite sure about one part. You show a leveling off of the ADC caseload for October. Are you basing your projections on an increase that you can spend for the rest of the month, say comparable with the period right now to the end of the biennium for '66, or are you basing it on the leveling off and we will no longer have an increase as before. For snstance, if you had the same increase of this period that we had last year, would you be able to handle it?

Smith: This was our projection of where we are going for the balance of the biennium not leveling off. This is just a seasonal thing. The critical period is going to be - you see these lines here? You wouldn't have that - the contra-seasonality here, when you try to do any projection probably right then and there. Now, the next several months, you see all of these go up. We have been on the telephone with areas like Yakima, because this is one of the high impact areas of people becoming unemployed, the ag workers don't have any unemployment compensation so they come to us. So we ask them:

Did you get your winter load early last year and where do we go next. By telephone they tell us - we had to get the load early because this thing is going to go right on up here. Now, is it? We had projected it to continue on up as California and the rest of them had done. And this was on the basis of our analysis. We could be wrong but there is no indication that it is. Everything would indicate that it was going on up.

Compton: What would cause it to change?

Smith: This thing to go up?

Compton: Yes.

Smith: A lot of it is speculation, but one thing - we know part of it, what we have done is not complete yet, but we have done, in the study in October, this ADC category. One was done in 1961. We have done it in the same manner - some 1,200 schedules, some 900 pages, statewide to get a darn good sample, to determine who are these people, what kind of people are they and compare it with 1961. One thing we learned. The population expansion in the state and the economic expansion have given us a greater fallout than anticipated because agency people now have not been in the state as long when they come on assistance, as those who had been in the state in 1961. So that would mean that the residence is less when they on We know that part of it is the right, if you will, that is going on throughout the nation, the right to have public assistance.

In the past, lots of people stayed off. It was something they didn't want to get. Now, they have organized mothers' clubs in King County - motivated mothers' clubs. They have ADC Mothers, Incorporated, affiliated with a national organization - organized out knocking on doors telling others about it and bringing them in In a study, we find that these agency mothers are younger, they have less children it is all related to the change in social mores of the whole nation. In our study, we find that these agency mothers are younger, have had less children, and are not necessarily of the big cities; the increase has been in the cities of 2,500 to 50,000 population. It is not King County; it is not the great big ones that are carrying this - it has gone on to the smaller ones - Yakima and other cities like this. These are things that we are trying to straighten out and determine who they are and what they are.

Gov. We should re-emphasize, too, that this is a national problem of considerably greater significance in many of these other states than it is right here in the State of Washington.

Baker: Have you anticipated the full extent of the ADC increase?

Gov. We don't know. Are we going here or not? I don't know. We have done the best that we can. We can be off. We may have to come back in and hopefully do something about it You can go and pick out Watts and shoot it up. If you set fire to the city, I don't know what would happen. I think these things in the nation have caused

loads in other cities in the nation to go up.

Along in here we were almost up with California and a way ahead of the national average and away ahead of Oregon and come along here in the last several years, the load has been kept down. There has been quite a consistent effort and now Oregon has caught up with us ... and California has gone out of sight, we are getting a delayed reaction.

There is some speculation that there are thousands of people eligible or who are sitting out here on the fringes that could get on and gets to this idea again of rights. It didn't dawn on the assistance before. Your family took care of you in this kind of things; the churches played a bigger role. Now it is a right. "It's my right". And maybe they are thinking beyond that; maybe they are thinking that you are a damn fool if you don't go get it.

Ferguson: Mr. Smith, you said last week that physical therapy and elected surgery was cut out for O.A.A. recipients. Are you restoring that in the \$8.1 million?

Smith: There has been a deduction in the amount of elected surgery from the previous biennium and it must be approved and we must have prior clearance for this rather than as has been hoped, we could have elected surgery without this.

Governor: That is not going to change.

Smith: That is not going to change. It will probably restore the This is not a large amount.

Question:

Governor: Well, not yet. This is so new. It just came to us yesterday and this morning and we have been tied up in legislative meetings all day and we are getting as much information as we can right now But it is obvious, I think, that this is part of the nationwide setup and it will be just a matter of time before all of the other states are involved. This unquestionably will be brought to the attention of Congress and will be a subject of conversation, and if nobody else brings it up, I intend to at the Republican Governors' meeting next week, a couple of weeks from now. This is going to be a significant impact to individual states and as you can see, the impact is only half statewide, and the other half is on the federal Congress, the federal government, because the total cause is about \$19 million so if that is repeated in other states in the nation you are talking about another significant impact on the federal budget.

Cummings: Governor, I am reading your letter to the chairman of the Legislative Council. You refer to the ratable reduction I take it from this then that in the contingency money, rather than go to ratable reductions, on January 1, you would call a special session?

Governor: That would certainly be my present plan. What the legislature would be doing if they were to deny the request would be to force ratable reductions or a special session on January 1, and in the meeting today, I said that I thought it would be foolish for us to go beyond January 1 in order to keep within the budget because by then, a quarter of the biennium would have gone by. Again, if our projections are correct, at that time it would require 8% ratable reduction in order to stay within our budget.

Cummings: And that is in the law.

Governor: That is in the law - you bet it is. It is not only in the general law but in the Appropriations Act, very specifically.

Cummings: Does the residency requirement in public assistance vary from program to program?

Governor: It varies from program to program. Old Age Assistance, I guess, is the most severe, isn't it, for residency requirements?

(Answer not audible)

There would be two things: 1) If the Legislative Council they would give an indication that would of a special session, and (2) if no injunction were to be issued.

Governor: I don't know how fast they can move. But if no injunction were to be issued, I would think that we would be close enough to a regular session so that we could handle it at that time.

Baker: Apparently, nothing else at this point that would require funds from the special session.

Governor: I hope not. You saw where education appears to be within As I said, there are going to be increasing pressures that may require at least bring themselves to the next regular session of the legislature. They may have impact before the biennium goes, as there is still six months left of the biennium, such things as immediate salary increases, relief in institutions or some other place that inflation has become a real problem unforeseen problems. This is by far the biggest unforeseen problem and apparently the only one that we can see right now that is of any great consequence. Education seems to be within bounds; the other one would be residency requirements and general problems of inflation.

Dickson: Governor, are you satisfied that the bulk of the people who are causing the public assistance costs to go up are those, in fact, really in need or is there a need to stiffen requirements to improve screening?

Governor: We have been consistently trying to do that. One of the difficulties you get into as the public assistance rolls are flooded --- you have fewer and fewer caseworkers, and people to look over and screen the

cases. That is where we need additional funds to provide the employment counselors, and provide the caseworkers, the people that will have to help to screen and control the cases and keep them within bounds. I think we would have had a request for a special session or a request from the department for far more than \$10 million at this time if we had not been engaged in a continuing program of working with the Employment Security Department on employment programs, on training and education programs to help keep the increase within bounds ... so I think that this is a continuing process that needs to be done. We will continue to use every effort on it. We have had some successes within the past year and hope to expand on it.

Compton: The reason that the impact would be greater on Washington if there are existing different residency requirements in Idaho, Oregon in the program as they stand If there were no residency requirements would you like to explain a little bit?
(question directed to representative from Department of Public Assistance)

Answer: (Not audible)

Governor: Another big category, of course, is the fact that we have 22,000 workers each year who come to the State of Washington for harvest who leave to go other places and it would be anticipated if there were no residency requirements but at least a share of those 90 percent would stay over during the winter would add substantially to the case-load.

Compton: Would the \$9 million projection include those contingencies?

Governor: That is how the \$9.7 million was built.

Flynn: Thank you, Governor.

July 8, 1958

Governor Albert D. Rosellini today urged the release of the 200,000-acre Wahluke Slope area, now withdrawn from the Columbia Basin Irrigation Project by the Hanford Atomic Energy Works.

In an affidavit submitted to the U.S. District Court of Eastern Washington, Governor Rosellini declared that the Wahluke Slope contains the finest irrigable lands in the Basin project.

"The continuing interest of the State of Washington has been to obtain release of the withdrawn lands," the Governor said in his affidavit presented to Judge Sam M. Driver, who is holding court at Walla Walla.

The Governor added:

"This gross area of some 200,000 acres contains 113,000 acres of the finest irrigable lands in the Columbia Basin Project. Thus, approximately 10 per cent of the ultimate project of 1,029,000 acres is now closed to irrigation by the restricted zones.

"Absence of development in this area is a crippling factor in the operation of the South Columbia Basin Irrigation District. Under present restrictions, the water users of this district will be called on to support a system which would be used at only half capacity. Therefore, the district's operation and maintenance costs would be 150 per cent of the assessments they otherwise would bear if the system is used to full capacity. This burden falls on the farmers annually and cannot be taken from the United States Treasury or shifted to the power users."

Governor Rosellini's statement and similar affidavits by Attorney General John J. O'Connell and State Director of Conservation, Earl Coe were filed with Judge Driver in a hearing on a motion to appoint a court commission to set values on lands taken by the United States from Wahluke Slope land owner.

The state officials urged a delay in further action which would make final the government's taking of the land. Governor Rosellini cited a current review by the Reactor Safeguards Committee of the Atomic Energy Commission on the possibility of releasing additional Wahluke Slope land, as was done in 1953. The A.E.C. committee met at Richland, June 5 and 6, to consider the land release problem.

Some 5,000 acres of state lands are involved in the area, making the state a party to the court action. Assistant Attorney General E.P. Donnelly is representing the state in the case.

(end)



OFFICE OF GOVERNOR

FOR RELEASE: Thursday PM's *Jan. 2, 1958*

Governor Albert D. Rosellini today announced the names of three pioneer Washington State cattlemen as nominees for the Cowboy Hall of Fame in Oklahoma City, Oklahoma.

The three men, chosen by the Washington State Committee for the National Cowboy Hall of Fame, are: Frank Miles Rothrock, of Spokane, who died last July 3; Benjamin Elam Snipes, Central Washington cattleman, who died in 1906, and A. J. "Jack" Splawn, of Yakima, who died in 1917.

The Washington Committee has submitted the nominees to the full board of trustees of the Hall of Fame in Oklahoma City. Final selections will be determined by the full board.

The National Cowboy Hall of Fame has been established to honor the men and women who made outstanding contributions to the building of the West.

Ground-breaking ceremonies for the Hall of Fame will be held January 7. A parcel of ground at the site will be deeded to the various states participating in the institution.

Governor Rosellini said Jay Agnew, of Centralia, chairman of the state committee for the Hall of Fame, would represent him at the January 7 ceremonies.

In addition to Governor Rosellini, members of the Washington board of trustees are William "Bill" Fancher, of Tonasket, and Alan Rogers, of Ellensburg.

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September 28, 1960
Release on Receipt

Olympia, Sept. 28--- Governor Albert D. Rosellini today announced a \$146,000 program of development for Yakima State Park. Expenditures of \$48,000 are planned for the 1961-63 biennium, \$58,000 for 1963-65 and \$40,000 for 1965-67, he said.

Governor Rosellini said the local improvement is part of a \$5,718,000 program of parks and recreation development planned for the next three bienniums.

"No new tax funds will be required for this expanded parks and recreation program," Governor Rosellini pointed out.

"These funds will come from the motor vehicle operator's license fees. The 1957 Legislature passed a law which sets aside \$2.20 from each license for the Park Fund. This means that the state in the 1961-63 biennium will have a total of \$4,592,000 in revenues for parks, or \$357,000 more than will be spent in the current biennium."

Governor Rosellini said the \$5,718,000 program will acquire and develop park sites, historical sites and markers, boat moorage and launching facilities and finance archeological studies.

He said the new expenditures are divided at \$2,071,000 for the 1961-63 biennium, \$1,908,000 for 1963-65 and \$1,739,000 for 1965-67. An inter-agency committee of state administrators will assist in planning the program.

(end)