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STATE OF THE STATE MESSAGE BY GOVERNOR JOHN C. WEST

January 9, 1974

For release after 12:30 P.M.

Mr. President, Mr. Speaker, Ladies and Gentlemen of the
General Assembly, Fellow South Carolinians:

We are beginning with this session the fourth -- and final -- year of our partnership in service to South Carolina. It is a partnership marked by a close working relationship and a spirit of cooperation which has carried our state forward in a manner unsurpassed in our history. Just after taking office three years ago, I stood at this podium and on January 27, 1971 -- I asked for the advice, counsel and cooperation of the General Assembly, and I promised that with such a spirit, there was no task which would be impossible of achievement. Thirty-six months later, I say to you -- my colleagues -- that no Governor could have asked for more cooperation and assistance than you have given me. The bond of understanding we have developed has carried our state to a turning point, a turning point of truly historical magnitude. South Carolina has elevated itself economically beyond all expectations. Our growth rate has far exceeded both the national and southeastern averages, and in the truest sense, our state has become a land of opportunity and promise for all people. These three years have seen our state break all records for industrial expansion, including an all-time high of \$1.2 billion of capital investment just this past year. As a result of this unprecedented economic growth, more people are employed today in South Carolina at higher wages and with better

working conditions than ever before. New industry found a good home here; existing industry has prospered; and textile employment and payrolls are at an all-time high. These are signs, I submit, of more than simply a healthy economy. These are signs of a vigorous and dynamic state.

This, therefore, is the State of the State in South Carolina as we gather for the second session of this 100th General Assembly. Our economic recovery, in fact, has been so remarkable that for the first time since Reconstruction, net outmigration has been halted, and more people are coming into South Carolina than are leaving it. For many years, we have been able to excuse our shortcomings by saying that we were a poor state, and could not afford to provide what was needed. I say to you today that we now have no such an excuse. We can afford to do anything that is necessary for the health and well-being of our people. What we cannot afford is a complacency which would cause us to ignore or delay programs of vital need to our people. We should approach this legislative session with the conviction that the citizens of South Carolina have the greatest potential and the brightest future ever enjoyed at any time in our history. Our planning and our expectations must be based upon that confidence and that faith. We should settle for nothing less than a full and total commitment to the needs of our people as we shape the future of South Carolina.

Perhaps such optimism comes as a surprise. After all, our nation has been troubled for months with one crisis after another of both a material and moral nature. While South Carolina has not been totally spared the consequences, it has survived far better than most states, and we can all be justly proud of that fact. I refer specifically to present energy shortages,

and while it is not my intention to minimize that problem, I point out that we have done an excellent job of preparing ourselves and stand today in a better position to cope with the problem than practically any state in the nation. It is no accident. As early as a year ago -- when talk about the energy shortage was still in the speculative stage -- we created a committee on energy management to chart a course for our state through these difficult times. Of even greater importance has been the continuing predominance of South Carolina in the field of nuclear energy. For a quarter of a century, our state has pioneered in the development of peaceful uses for nuclear energy, and by next year, more than 30 per cent of all electricity in this state will come from nuclear sources-- the highest percentage in the nation. By comparison, only six per cent is derived from petroleum, and less than one-half of one per cent is dependent on Mid-East oil. By next year, South Carolina will be among the two highest states in the nation in percapita electrical generating capacity: an advantage which enhances even more our bright economic future.

Even so, conditions at the national level have had a depressing effect on South Carolina. As unlikely as it may have seemed only a few short years ago, we have experienced the phenomenon of serious shortages in times of prosperity and relative peace. In addition, inflation has had its hand in the pocket of every American consumer, and caused the value of his money to decline, negating many of our economic gains. We pay 22 per cent more for food than we did a year ago, and 50 per cent more for meat, poultry and fish than we did three years ago. In short, while it's been the best year ever for our state economically, we have not fully escaped the unsettling national developments.

For that reason, our mission is two-fold this year. While we must maintain the momentum our economic growth, and continue to meet the growing need for human services, we should also address ourselves to the dilemma of the average citizen. We should in any way possible come to the rescue of that taxpayer, that consumer, that South Carolinian who has become the victim of a runaway national economy. Let us first resolve at a minimum that while the cost of everything else is rising, the price the average citizen is paying for state government will not rise. We already have one of the lowest per capita tax burdens at the state and local level in the entire nation, and there has not been a general tax increase since 1969. We can -- and we shall -- provide increased governmental services in virtually all vital areas without resorting to new revenue sources. In short, there will be no tax increase this year.

AUTO INSURANCE

Three years ago -- on February 18, 1971 -- I delivered a special message to the General Assembly on the dual subjects of highway safety and automobile liability insurance. At that time, I freely acknowledged that "high insurance rates are ultimately the result of high accident rates." I said further, "We must ... understand that the issues of highway safety and automobile liability insurance can no longer be treated as separate and distinct. They are inescapably bound together, and there is no solution to one without the other." Recognizing that we could not expect insurance costs to go down unless the accident and fatality rate was also reduced, I asked the General Assembly for specific measures which would commit our state to improving its highway safety record. I also asked for corresponding

legislation which provide much-needed reform in the area of automobile liability insurance.

The record is one which speaks for itself. This legislature did respond to my request for highway safety legislation, and enacted most of those recommendations. The results on our streets and highways have been amazing. Since 1967, our state has gone from one of the worst rates of highway deaths in the nation -- seven per hundred million miles traveled -- to approximately the national average - 4.6 deaths per hundred million miles. There were 140 fewer traffic deaths last year in South Carolina than there were in 1972. This remarkable achievement can be credited to many factors: to the enactment of far-reaching highway safety legislation by this General Assembly; to the advent of mini-bottle and other measures which have reduced drunken driving; to the excellent work of our highway safety program; and to the great competence and dedication of the South Carolina Highway Patrol.

But the accomplishments in highway safety have not been matched by corresponding improvement in the automobile liability insurance situation. Despite the clear record of improvement in highway safety, that great monument to insurance inequity -- the Assigned Risk Plan -- continues to conduct business as usual, writing a higher percentage of drivers in our state than any other state in our nation. There has been no lack of effort on your part. Thanks to the tireless and often frustrating work of the special committee on automobile liability insurance chaired by Senator Gasque, the state has sought relentlessly to remedy the situation. Last year I recommended to this General Assembly the establishment of the State Fund to reform the inequities in our auto insurance program, and while that plan was not adopted, I continue to support it in principle. This year, however, in the interest of finding an

alternative means of bringing about the necessary reform, I propose for your consideration the adoption of what is known as the Full Insurance Availability Plan, an approach by which high risks are dispersed throughout the industry on a reinsurance basis. I continue to believe in the State Fund concept, but in the interest of abolishing the Assigned Risk Program this year, I will accept the reinsurance approach as a workable and realistic solution. This approach, I predict, will accomplish the following goals during the present calendar year if it is enacted no later than March 1:

1. Every driver in the state with a valid drivers license will be able to obtain necessary coverage from any agent or insurance company at a fair and equitable rate as approved by the Insurance Commission.
2. The Assigned Risk Plan will be laid to rest forever.
3. By October 1, there could be at least a 10 per cent refund to the motorist for premiums paid this year.
4. Rates will be substantially lower for automobile liability insurance this year -- an average reduction of 10 per cent, a virtual certainty; (20 to 30 per cent) a real possibility.

We cannot afford to settle for less this year. As a means of implementing these goals, I recommend that the Insurance Commission be authorized to place windfall profits in a reserve fund to be returned to policyholders in refunds. There is every reason to believe that there will be a major reduction in the volume of driving next year, and some economists predict a reduction of as much as 20 to 30 per cent. When this fact is considered in the context of our phenomenal highway safety improvement, it is logical to assume there will be a corresponding reduction in the volume of claims, and that windfall

profits should result. We must make certain those windfalls go to the driving public of our state, and not into the coffers of the insurance companies.

To further assure future rate reductions, I recommend that a rating division be established within the Insurance Department to set the pure loss premium for all companies doing business in South Carolina, and to take such accident frequency and severity into effect in setting rates for next year.

In addition, I recommend the adoption of a limited no-fault program which would provide mandatory first-party coverage for all losses up to \$2,500. Such coverage would provide prompt payment for medical expenses, loss of wages and loss of services. As a further means of reducing time and cost in the settlement of claims, I recommend the establishment of a system of arbitration for the handling of the property damage and minor personal injury aspects of auto insurance. Such a system, I envision, would operate much like the present Industrial Commission in settling small claims.

In light of the probable reduction of accident frequency and severity, and a subsequent rate reduction, this General Assembly may also wish to consider requiring additional coverage or perhaps increasing basic liability limits this year. As a final recommendation and in recognition of the increasingly complex nature of the automobile liability insurance problem, I propose that Senator Gasque's committee be made a permanent one to work in conjunction with the Permanent Insurance Law Study Committee.

HOUSING

Economic instability and administrative policy decisions in Washington have nowhere had a greater impact than in the field of housing. At a time when as many as a half-million South Carolinians were still living in sub-standard

homes without adequate plumbing, skyrocketing interest rates priced housing out of the reach of many low-to-middle income families, and all but paralyzed a great deal of the homebuilding industry in our state. To make matters worse, a moratorium on key low-cost housing programs at the federal level has all but brought to a standstill efforts to meet our avowed goal of adequate housing for all citizens.

In light of these developments, I have concluded that the state can no longer depend entirely upon the federal government for its housing needs. Since its inception by legislation in 1971, the State Housing Authority has primarily functioned in a role of planning, coordination and technical assistance. While I continue to believe that major housing resources must come from the federal level -- and I urge an early lifting of the present moratorium -- the time has come for South Carolina to join 43 other states which have housing finance plans at the state level.

The special committee studying housing problems chaired by Senator Jimmy Martin is perfecting a new and innovative plan to provide a state guaranty program which will stimulate the building of at least 2,000 new homes for low-to-moderate income citizens each year. This program will require an initial appropriation of \$10,000,000 which will eventually be repaid in full. I recommend that this appropriation be made in accordance with the plans and recommendations to be made by the committee.

MILK PRICES

Symptomatic of the rising cost of living in our nation has been the sharp increase in retail milk prices in South Carolina. The price of a half-gallon of milk just during 1973 has risen from 65 cents to 84 cents. I pass no

judgment on the necessity of that adjustment; certainly no one is more understanding of the plight of the dairy farmer and no one is more anxious to sustain the dairy industry and to assure an adequate supply of fresh milk to all South Carolinians than I.

It appears, however, that the time has come to review the conditions which exist today. For one thing, I am delighted to observe the continuing trend in state government toward the strengthening of lay participation in the decision and policy-making process of all areas of our state government. An excellent example is last year's creation of the Department of Health and Environmental Control under the direction of a board comprised of general citizen leaders. A reconstitution of the Dairy Commission, with its membership from the general public, rather than designated representatives of special interests, will be a step in the right direction. If anything, such lay leaders often become more effective advocates than special interests. I, therefore, recommend that the present Dairy Commission be reconstituted, and that all special designations for the commission be abolished. I also urge that the present legislative committee chaired by Senator Williams continue its ongoing dairy study, giving special attention to establishing the price-setting authority at the producer, rather than at the retail level.

EDUCATION

Despite problems of an enormous and unprecedented nature in recent years, the public education system in South Carolina is stronger than it has ever been. Thanks to the excellent educational leadership in our state -- as evidenced by the five-year plan of measurable goals and objectives established by the Department of Education -- and thanks to the dedication and determination

of the citizens of this state -- public education has not only survived, it has made great progress in recent years.

If anything, our experience in adapting to the unitary school system has expanded our horizons, and broadened our concept of the educational function. Three noteworthy developments have grown out of these years of adjustment -- one of them being the year-round school concept -- called quin-mester -- now in operation in two school districts. Another is an innovative model school program operated jointly by the University of South Carolina and Richland School District One. The third is an experimental program operated by the Greenville School District at Greer High School. These programs could well be the most innovative and valuable contributions to public education in our generation, and their continued growth should be encouraged and supported.

I have two proposals which are intended to make our public education system more nearly free in fact, as well as in word. First, I propose that the free textbook system, approved several years ago for grades one through eight, be extended to the ninth and tenth grades next year, and the remaining two grades the year after, affording parents relief from present rental fees. Secondly, I recommend that senior citizens age 65 and over be permitted to attend classes on a space available basis without paying tuition at state colleges, universities or technical education centers.

I should also like to call your attention to three major developments within our system of post high school education. First, the tuition grants program, by which financially needy students may attend non-state-supported colleges, is off to a good start, and recommendations this year will expand the program to more than 4,700 students. Second, our State

Commission for Technical and Comprehensive Education, is serving an ever-expanding role in our system, and anticipates an enrollment growth from 39,500 to 44,800 next year. Third, budgets for state institutions of higher education are based this year on a formula developed by the Higher Education Commission, and I commend it as an important step forward in developing equitable funding arrangements for our schools.

HEALTH CARE

One month ago, I told the S. C. Medical Association that the biggest disappointment of my administration was to observe the issue of the second medical college pre-empt, overshadow and at times obliterate completely the far more important question of health care delivery for the citizens of South Carolina. Whatever the ultimate outcome of that issue, we cannot permit it to divide us over the life-and-death health and medical needs of our people. As a matter of information, the University of South Carolina -- on authority granted through the Higher Education Commission is in the process of making application to the Veterans Administration for medical school funding, and the Health Policy and Planning Council is studying medical education in the context of the overall health needs of our people. Should further legislative attention be required, I will submit specific data and recommendations at a later time.

In the meantime, I should like to address myself to the much larger question of health care delivery for the state, and the great progress which we have made together in this regard. Through ex-

ecutive action, two interagency groups have been formed -- the Health Policy and Planning Council and the Social Development Council -- and their action has brought order to what has too often in the past been a fragmented and piecemeal approach to the vital needs of our state. It is encouraging to note that between 1972 and 1973, funding from the Department of Health, Education and Welfare increased in South Carolina from \$642 million to \$781 million. Legislative action has likewise been of great benefit, especially action taken by you to create the Department of Health and Environmental Control, the development of the Medical University Consortium and the expanded capability of the Department of Social Services. As a further means of strengthening our programs this year, I ask that you release held-back funds appropriated for health care extension and family practice and allow this money to be used for the present and next fiscal years. I also recommend that you enact legislation to license and regulate Health Maintenance Organizations.

LEGISLATIVE PRACTICES

The Watergate scandals and their political implications have caused citizens to question our system of elections, and the continuing erosion of public confidence in government is a serious problem. Last year, before Watergate had become a full-blown national crisis, I asked for legislation which would require full disclosure of all campaign contributions above \$100. This year, to shore up public confidence in our electoral process, I renew that recommendation, and I should like to go one step further. I recommend legislation which would make it a criminal offense to give or receive cash contributions above \$25. If there is one prevailing theme throughout much of the recent disclosures

in Washington, it has been the use of straight cash payments where illegal or questionable activities were being conducted. By requiring the use of personal checks for contributions above \$25, such abuse could be significantly reduced and discouraged.

Public concern, of course, has extended beyond campaigns and into government itself, particularly in the matter of accountability for the use of public funds. In response to that concern, I should like to make several recommendations which will provide the General Assembly -- and the public itself -- with a better accounting of how the hundreds of millions of dollars of state funds are spent each year. First, I propose the establishment of a standing legislative committee on Governmental Operation and Efficiency. As a corresponding step, the present Auditor's Office of the Budget and Control Board would be divided into two divisions -- one for budget preparation, and the other for the purely auditing function. The auditing division would, in turn, report jointly to the legislative committee and to the Budget and Control Board, thus providing for a sharing of the auditing responsibility between executive and legislative branches.

I further recommend that the salaries of members of the General Assembly be increased to \$7,000 per year. This recommendation is based upon the results of a two-year study conducted by a blue-ribbon, bi-partisan committee headed by General Hugh P. Harris. In consideration of the length of time now spent in legislative duties, the complexity of issues, and the responsibilities shouldered by members of the General Assembly, I consider this compensation to be minimal. If there are those who question such an allocation, I point out that the total amount of funds

now required for the legislative, judicial and executive office of government accounts for less than one-third of one per cent of the total State budget. The poorest type of economy is underpaid people, whether in business or in government and this is a fact that we should recognize in our legislative compensation.

TAX REFORM

The work of the Tax Study Commission has been significant during the past year, and I should like to commend to you today the recommendations of that group. First of all, the Commission proposes that South Carolina taxpayers be permitted to use their federal taxable income as the base in arriving at their South Carolina taxable base, a plan which would greatly simplify income tax reporting for citizens and result in a more efficient system of collections. The Study Commission also recommends the following:

1. Liberalizing of medical deductions allowed to most South Carolinians;
2. Deduction for child care for working parents;
3. Accelerated depreciation for pollution control equipment for businesses;
4. Closer conformity of corporate laws and enforcement with federal practices.

The commission is also undertaking an in-depth study of the property tax situation in our state, and in light of the major dependence by local government in our state on this source of revenue I endorse these efforts and urge that the Commission provide its findings to the General Assembly

for action this year.

RESOURCE MANAGEMENT

If the present fuel shortage has taught us nothing else, it should be clear that the resources of this state, this nation--and this earth, for that matter -- are not inexhaustible. We can no longer afford the luxury of waste and poor planning in the use and management of our limited resources.

I, therefore, once again ask that you address yourself to the absolute need to protect our vital coastal resources through proper management and planning. Thanks to the Coastal Zone Management Act of 1972--and the subsequent establishment by me last August of the Coastal Zone Planning and Management Council--we now have a vehicle for such effective action at the state level. I call upon you, through act or resolution, to provide guidance for the council* by adopting goals and objectives for coastal developments, and to assure the maximum cooperation among the various levels of government.

As a further resource planning measure, I remind you of recommendations I have made the last two years to establish a recreation land trust fund by which property could be purchased and set aside for future state park development. The bill now on the calendar in the House of Representatives is a step in that direction. While it does not contain many features I had requested, it is a reasonable and workable compromise. I ask for its early passage.

OTHER RECOMMENDATIONS

For your further consideration, I should like to make the following recommendations as matters of high priority:

1. Delay in action on capital punishment until the Supreme Court rules on similar laws from other states, thus preventing a needless waste of time and legal resources;
2. Passage of stronger gun control laws to assist in law enforcement and to reduce out-of-state purchases of firearms;
3. Passage of the remaining constitutional amendments so that the job of revising our constitution will be complete;
4. Affirmative legislative action which would make Winthrop College a coeducational institution;
5. Early action on legislation providing for alternative forms of local government, as mandated by the new Article VIII to the Constitution ratified by you last year. I commend the work of the local government study committee chaired by Senator Horace Smith, and I urge your speedy consideration of this legislation so that an orderly period of transition may be provided for local government in our state.

I also recommend full consideration of the report submitted by the Governor's Advisory Committee on Workmen's Compensation, which has offered proposals (1) restructuring the Industrial Commission, (2) changing and, for the most part, increasing benefits, (3) reconstituting the State Workmen's Compensation Fund and Second Injury Funds as more nearly independent agencies, and (4) providing further benefits for previously injured employees.

There will be further recommendations, particularly in the areas of health care, criminal justice, and highway safety which I shall submit to you in written form later.

THE BUDGET

A summary of the Budget and Control Board recommendations detailing the 1974-75 budget is being furnished you today. The proposals are based on a total anticipated revenue of \$838.0 million, including \$28.7 million in revenue-sharing funds. The estimate represents a total of \$70.3 million of increased revenues, to be applied toward a total of \$123.3 million in requested increases from state agencies. Among the recommendations for increases approved by the Board are the following:

--\$16.8 million for an average base increase of four per cent in salaries of state employees and state aid to teachers. These increases would be in addition to the normal incremental adjustments within the salary systems of both groups.

--\$2.2 million to expand the tuition grants program by some 1,600 students.

--\$3.9 million for the Medical University to cover increased costs of the academic program, hospital operation, clinics and the new family practice consortium arrangement with other hospitals.

--\$1 million to expand the kindergarten program by 84 units and 4,350 children, bringing the total number of students in the program to 24,000.

--\$1.7 million to enlarge special education programs for handicapped children, providing for 250 additional teachers, and \$750,000 for other costs.

--\$3.5 million to technical and comprehensive education, to provide for enrollment increases, and to raise the per pupil appropriation from \$451 to \$500.

--\$3.5 million for the Department of Mental Health to allow for sufficient new staffing to meet accreditation requirements.

--\$3.4 million for staffing at the Department of Corrections for four new institutions;

--\$3.4 million for social service needs, including funding to cover modifications in federal programs which became effective January 1.

Subsequent to the Budget and Control Board action, economic conditions have improved to such an extent that the Board of Economic Advisors two days ago revised budget estimates upward for both the present fiscal year and fiscal 1974-75. Based upon these estimates, there is now an additional \$6.2 million in recurring general fund revenue available for appropriation for fiscal 1974-75. I recommend the following use of these monies:

--\$3.5 million to extend present health insurance coverage of state employees to all state-aid teachers in the public school system. This coverage alone is valued at some \$250 per teacher per year, and combined with recommendations by the Budget and Control Board, would amount to approximately \$600-\$650 in average raises this year. Coming at a time when other states may not be able to provide such increases, South Carolina may well achieve its long-standing goal of reaching the southeastern average for teacher pay this year.

---\$1.2 million to provide free textbooks for grades nine and ten as outlined earlier.

--\$300,000 for the expansion of the 12-month school year demonstration project into other school districts.

--\$300,000 to expand further the excellent work of the Alcoholic Safety Action Program, which has been so instrumental in the reduction of traffic accidents and fatalities.

--\$400,000 for the further expansion of the kindergarten program so that it may become truly statewide as soon as possible.

--\$214,000 for emergency medical services.

--\$100,000 for a comprehensive career development program for state employees.

--\$100,000 for the Department of Health and Environmental Control for personnel and data processing.

By way of further recommendations, I call your attention to new opportunities for assisting retired and senior citizens. Effective July 1, retired state employees will receive a four per cent increase in benefits. I ask that the state's retirees be further assisted by a continuation of cost-of-living increases. I also recommend that proposed changes in the police retirement system -- as recommended by the special study committee headed by Senator Dennis -- be adopted as a means to provide overall improvement for that important system. As a final recommendation in this area, I propose the allocation of \$100,000 to assist the Commission on Aging in expanding areawide programs to cover senior citizens in every county in the state.

SURPLUS FUNDS

Continuing improvement of the state's financial condition -- beyond the expectations of economic forecasters -- has provided the state with unique opportunities for cash funding capital improvements. Based upon the earlier predictions of a \$59 million surplus this year, The Budget and Control Board recommended \$25 million for the General Reserve Fund, and \$25.7 million for equipment needs of state agencies. The recent upward revision of the

Board of Economic Advisors, however, has made available \$15 million of additional surplus at the close of this year. Combined with the unallocated \$9 million surplus remaining from the Budget and Control Board recommendations, there will thus be an additional \$24 million for capital needs this year.

I therefore recommend that these funds be used as follows:

- \$10 million to fund the initial capital requirements of the State Housing Authority's proposed housing program for low-to-moderate income citizens;
- \$6 million for an additional village for the Department of Mental Health;
- \$1 million for the Recreation Land Trust Fund, in addition to monies already provided in pending legislation.
- \$1 million for technical and vocational education to purchase equipment.
- \$1.1 million for the Department of Corrections to liquidate bonds on the laundry in order that the department will no longer be dependent upon revenue from the manufacture of license plates to retire these bonds. It will then be possible to produce a more permanent license plate at considerable savings of revenues.
- \$1 million for the development of model centers for the Department of Vocational Rehabilitation.
- \$800,000 for the Highway Department to beach maintenance.
- \$500,000 for the Department of Parks, Recreation and Tourism to develop a camp for the handicapped.
- \$500,000 for the Department of Education for new buses to eliminate present crowded conditions.

- \$350,000 for ETV for the extension of closed circuits to meet growing school enrollments.
- \$1 million for the expansion of five vocational school centers.
- \$236,000 for the Department of Health and Environmental Control for laboratory and data processing equipment.
- \$142,000 for emergency medical services.

CAPITAL IMPROVEMENTS

The vitality of the state's economy indicates that we not only have the capability, but also the mandate, to continue to reinvest our available revenues in projects of importance to the human and financial well-being of our state. The fact is that our economy is expanding at such a rate that economic advisors cannot believe the growth we have been experiencing, and have not really accepted the reality of that growth, until the books are closed each year. The fact is that such growth is a reality for our state, and I predict the continuing accumulation of funds above estimates for the next few years. Based upon this probability, and based upon the normal expected growth trends, I recommend a program of bond financing over the next five years to meet major capital need in state government.

Next year, the South Carolina Ports Authority will complete a \$39.8 million capital improvement program which has permitted it to keep pace with increasing demands in the last five years. During that period, the state's ports have continued to be at the very heart of this state's economic development. Just within a matter of six years, cargo shipped through the ports have increased by 35 per cent, and it is anticipated that volume will grow by 2,000 per cent within the next 25 years. To meet this demand, and to increase the ports'

effectiveness during the period of growing emphasis on international economy, I recommend capital funds to be used for ports development between 1975 and 1979 in the amount of \$68 million. These funds would be used for the development of new berthing areas and support facilities on the Wando River, along with necessary improvements to three existing terminals on the west bank of the Cooper River in Charleston.

I also recommend authorization of a five-year program at a rate of \$7.5 million per year to implement a plan for the decentralization of our Corrections System including the elimination of the Central Corrections Institution, and particularly Cell Block One, which remains as a constant symbol and reminder of the need for this necessary action.

These two programs, both long-range and well-suited to the state's bonding capability, would require a total of \$105.5 million over a period of five years, or about \$21 million per year. They are not only well within the state's financial capability, they may not even require bonding to cover the full amount of funds required. I firmly believe that the state will continue in the immediate future to generate surplus funds each year above anticipated revenues. The record of the last two years is ample evidence of that probability. I therefore recommend that the General Assembly authorize that any surplus funds above that now being anticipated be applied toward these capital needs, and that the Budget and Control Board be authorized to issue bonds to cover the remainder of the expenditures. I further recommend that the \$35 million limitation placed last year by the General Assembly on bonds be raised to \$50 million, thus allowing the release of the already-approved \$6.4 million for the Department of Mental Retardation. It has been determined that this increase will not endanger the state's present credit status.

CONCLUSION

In making recommendations to you as broad and varied in nature as these, I recognize that I am asking that you undertake assignments far from easy. Certainly issues such as automobile liability insurance, regulation of the dairy industry, and others are difficult and complex, and ones which have divided this General Assembly in the past. They are matters, however, which carry with them a strong public mandate for action this year. If we are to address ourselves to the growing needs and problems of the average citizen of our state, we can ill afford to ignore difficulties which are confronting him on an almost daily basis.

I am confident that 1974 will be a year of economic growth and expansion in our state; let us strive to make it also a year in which we listened to the needs of the man on the street, and responded by cutting his auto insurance rates, by slowing down the rising cost of food, by reopening the housing market at reasonable interest rates, by bringing health care delivery within the geographical -- and economic range -- of all people. I would hope that 1974 will be remembered as the year when the State of South Carolina took steps to rescue the consumer from runaway inflation, and helped restore confidence in government and its elected officials.

These are goals which I submit are reasonable and attainable, and which are consistent with our continuing drive for economic growth. As we look over the notable achievements of recent years, we must remember that for years past ours has been a state with relatively low income, and with consequential residue of problems all along the range of human resource necessities. Thus, what we have accomplished -- as great as it has been in comparison with past standards -- should be nothing more than a prelude to the much larger job



ahead. Let us look at 1974 in terms of its potential for accomplishment. Let us see in every problem an opportunity for progress, and in every challenge an invitation to greatness. Let us continue to draw upon that spirit of cooperation and partnership which has carried us forward for the last three years together. Let us make one more firm, gigantic step toward making the promise of tomorrow in South Carolina the reality of today for all of the citizens of our great state.

Thank you.

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