

classification solely assisted by the State and strictly under State control. If the Federal government disallows an appeal we are now taking to limit the duration of stay in a hospital to 21 days, an extra \$3.2 million will be needed in addition to the present budgeted amount.

I have some hope that concerted action by the states will bring about a change in the Federal policy. We do not face this problem alone. California, for example, is running a deficit of \$230 million, Texas a deficit of \$45 million, and Michigan a deficit of \$60 million in their medical assistance programs.

There is one additional ray of hope in this rather dismal picture. Maryland hospital administrators have agreed to work with a special committee I have appointed to try to bring about an effective control over the rise in hospital costs and to take care of all eligible patients within the amount budgeted. They realize that we do not have the funds to keep pace with this sort of open-ended, unbudgetable expenditure, which will soar out of sight unless controls are established.

But I must caution all concerned that unless remedies are found quickly, the order denying care to some of our recipients will have to take effect on July 1, 1968.

PLANNED ECONOMIES

In other areas of the budget, you will find some economies which have resulted from studies and evaluation by the Task Force on Modern Management and from the addition of other specialists to the staff of the Governor's office which you authorized last session.

The major result of the Task Force's mission — a proposed reorganization of the executive branch — is yet to come. Of necessity much of it has to await action on the new Constitution. But I can't overemphasize the value of some of the task force preliminary findings which enable us to reduce requests for increased spending by 77 percent and balance this budget without the need for new tax revenue. These actions involved millions of dollars in proposed expenditures.

Some of the savings recommended in present programs include:

Discontinuation of the demonstration schools at the State colleges. This student-teacher observation program can be handled more effectively and efficiently within the local school districts, thus providing a more realistic program of student-teaching experiences while also saving the State \$600,000 in annual operating costs and freeing \$12.5 million in existing classroom facilities which cost an additional \$200,000 annually to maintain. We will