

**SUPPLEMENTARY BUDGET MESSAGE OF  
ARTHUR J. WEAVER, GOVERNOR**

**TO THE MEMBERS OF THE FORTY-FIFTH SESSION  
OF THE LEGISLATURE OF NEBRASKA,**

**SENATORS AND REPRESENTATIVES:**

I have the honor to submit herewith for your consideration the supplementary budget provided by law.

In presenting this budget I have separated all items covered by tax levies on property, designated as section one, and all items covered by miscellaneous receipts other than taxes on property, designated as section two. The purpose of this division is to bring full information to the people of the state as to what expenditures by the state are paid from property taxes as well as the expenditures which are paid from other sources of revenue. This purpose will not be fully achieved until legislation is enacted requiring the separation on all tax receipts of the state tax from county and other taxes, as heretofore recommended in my message.

In both budget designations sections one and two I have listed in separate columns the amounts appropriated for 1927-29, expending agencies' requests for 1929, 1931, and my recommendations for the coming biennium.

The total budget for the biennium is \$31,200,839.46. Of this amount \$13,999,911.80 will accrue from property tax and \$17,200,927.66 from miscellaneous receipts other than taxes on property. Such miscellaneous receipts include all federal funds for highways, agriculture, education, and welfare purposes, and state miscellaneous receipts accruing from the gasoline tax, automobile licenses, fish and game permits, as well as other similar fee receipts.

In our review of any state budget, or the final appropriations of any budget, the total amount does not determine the amount of the state property tax or the size of the state-tax dollar. Under the Nebraska Constitution the budget must carry the appropriations include all miscellaneous receipts. These amounts, therefore, increase from year to year with the growth of the state. As an illuminating example as to the increase of both the budget amounts and increased appropriations, the grand totals of both are approximately four million dollars more on one item alone than they were six years ago. This is because in 1925 the two-cent gasoline tax was authorized and the money accruing from this tax as well as other receipts of a similar nature no matter what their source, must be budgeted and appropriated. Therefore, the size of

our state-tax dollar is determined solely by two items—first, the final appropriations which must come from property taxes; second, the grand assessment roll of the state. The amount of both of these fix the annual state tax levy.

It is well to remember that a one mill levy for state taxes means a payment by the tax payer for state purposes of \$1.00 on each \$1,000 assessed valuation. For example, in 1927, when the deficit was paid, the levy being three and seventy-five hundredths mills for state purposes, the total state tax was \$3.75 on each \$1,000 assessed valuation. Last year, or in 1928, under the low levy of two and six hundredths mills, the total state tax was \$2.06 on each \$1,000 assessed valuation. In these annual levies during the last biennium the sum of twenty-two hundredths of a mill has been included, which means in our state levy is included 22 cents on each \$1,000 of assessed valuation for the construction of the capitol building. This brief statement I trust will bring to our taxpayers a full realization that any material tax reduction must come by curtailing local tax levies and expenditures.

Included in the property tax budget section one is the amount of \$1,375,376.00 for the completion of the new capitol, which capitol investment annually will be eliminated on the completion of the building. I mention this fact so that the people of the state will recognize that the amount of property tax which has been appropriated each biennium for this purpose represents a capital investment under our pay-as-you-go policy, which is not a part of the cost of the government in this state. This amount which accrues from an annual levy of twenty-two hundredths of a mill, for this specific purpose, was authorized four years ago and the authority for the same expired at the time of the last levy. It will therefore be necessary to provide for funds for the next two years for the completion of the capitol.

During the last biennium there was raised from the property tax in Nebraska a total of \$18,429,741.77, the same being represented by a levy of three and seventy-five hundredths mills for 1927, and two and six hundredths mills for 1928. The levy for the former years was necessary because of an act of the legislature requiring an additional levy to cover a deficit of approximately four and one-half million dollars, which had accrued during three previous biennial periods. This represented an additional levy of one and one-half mills for deficit purposes, leaving for that biennium for the cost of government, accruing from property tax, two and twenty-five hundredths mills. In this levy of two and twenty-five hundredths mills was the amount finally appropriated by the legislature for emergencies and deficiencies amounting to \$535,043.14.

This budget message can make no estimate of what will be necessary for this purpose. The amount will be determined wholly by the action of the legislature. In 1928 the levy was reduced to two and six hundredths mills.

Because of the unusual conditions, as well as extraordinary burden which accrued from the deficit situation, inadequate provisions were made by the last legislature for both maintenance and needed capital improvements for state institutions. The result has been that this administration finds itself confronted with the necessity of recommending additional and necessary repairs, and replacements, and added maintenance to meet the actual needs of an increasing number of students in our educational institutions, as well as an increasing number of inmates in the penal and charitable institutions of the state. The tax levy for 1929, based on this budget, will be slightly higher than the low levy of 1928. Based also on this budget, the levy of 1930 will be decreased in comparison with the levy of 1929 because the emergency and deficiency appropriations will be provided for by the levy of 1929.

The recommendations are the result of a very careful investigation of the actual needs, and as a basis for the increases herein set forth in the budget, as well as to other matters contained therein, I respectfully submit the following:

### SALARIES

For the biennium 1927-1929 \$1,756,545 was appropriated for salaries and wages out of the property tax. For the coming biennium I have recommended for salaries and wages \$1,695,485 out of the property tax, making a saving in this item of \$61,060. In the face of an increase in the Department of Labor of \$9,900, made necessary by a proper administration of this important department and especially for factory inspection, which in my opinion will reduce the number of accidents as well as the cost of compensation in this state; with provision also made for more adequate tax administration which should result in more equitable assessment and a resulting increase in the amount on the tax rolls of the state, the above saving has accrued because of consolidations of several activities in the code departments already effected.

### EXECUTIVE DEPARTMENTS

The small increase provided for by the budget is not the result of increased cost in administering the constitutional offices and the administrative departments. The appropriation for administering

the constitutional offices for the biennium 1927-1929 was \$921,965. The total cost for the same activities for the coming biennium as represented by this budget is \$954,170.

The 1929-1931 budget provides \$135,000 for the adequate supervision and operation of the new capitol building. The reason for this increase is apparent in view of the fact that new sections are continually being completed, resulting in added expense as to both care and maintenance. A part of this increased budget for capitol maintenance is represented by a contingency fund to meet emergencies. All of it or only a part of it may be needed.

For law enforcement an additional \$5,000 has been added for the administration of the State Sheriff's office; and \$10,000 to the Attorney General's office to provide for either law enforcement or litigation. The Attorney General presents the view, in which I concur, that this extra allowance for his office may be necessary. Except \$30,000 for the biennium. In view of the present and additional bank guaranty litigation, the pendency of two other cases, one involving the regulation of the Omaha Grain Exchange and the other the bread-weight law case, all of which may eventually be taken to the United States Supreme Court, I regard the extra amount as fully justified.

#### PROPERTY TAX COST OF ADMINISTRATIVE DEPARTMENTS

The appropriation for maintaining the administrative departments for the biennium 1927-1929 was \$1,036,520, and the total property tax cost for the same activities for the coming biennium, as represented by this budget is \$1,011,780. This saving has been principally effected in the following departments:

In the consolidations effected under the Tax Commissioner, whereby this office supervises not only tax administration, but budgeting and purchasing, a saving of \$22,000 is effected. This is accomplished in the face of additional adequate provision for a special tax investigator, which in my opinion will bring additional intangible property on the tax rolls of the state, as well as assist in a more complete and equitable taxation of all property. Our citizens in justice to each other must bear in mind that an increase of the assessed wealth of the state by the addition of property now escaping taxation will not only result in more equitable taxation, but in actual decrease in taxes to all property owners.

The secretary of the Department of Public Welfare has been dispensed with and the secretary of the Department of Labor is to have supervision. In the consolidation under the Labor Department

already effected, a saving of \$7,600 results. This is made possible even in the face of the fact that \$9,900 has been added for effective administration and factory inspection in the Department of Labor.

In the consolidation of the insurance and blue sky bureaus in the Department of Trade and Commerce, wherein the blue sky bureau is now being administered by the Insurance Commissioner—and if my budget recommendations are adopted the blue sky bureau will be administered by the Attorney General's office—a saving of \$11,000 is effected. When transferred to the Attorney General's office, the saving in the administering of the blue sky bureau heretofore being \$11,000, will more than amount for all allowance to the Attorney General's office for all purposes. The \$10,000 added to the Attorney General's office is not added for the blue sky administration, but for special litigation and law enforcement as heretofore pointed out.

In the Department of Agriculture increases in expenses paid from property tax amounts to \$23,500. This in my opinion is absolutely necessary to protect the live-stock industry of the state. We have undertaken and are successfully carrying on a program of eradication of bovine tuberculosis in cattle and the eradication of other diseases. It is incumbent upon us to make this effective to not only protect the areas already cleansed, but as speedily as possible complete eradication in new areas. The program of our Department of Agriculture, justified by a splendid record of accomplishment, includes an increase of \$5,500 for the eradication and control of scabies and swine and chicken diseases. The program as contemplated by this budget provides an increase of \$8,000 to cover the cost of more experienced veterinarians and more effective work in the field. It also includes \$15,000 additional for eradication of bovine tuberculosis. This will enable the state in conjunction with the funds provided by the federal government to pay more for condemned cattle. Nebraska is much lower than other states, and in view of the high prices of cattle and the increased federal aid which will result, this is amply justified. The budget submitted eliminates an item of \$5,000 appropriated in the last biennium. This was an initial appropriation for the eradication of insect pests and for the purpose of sustaining the department until sufficient fees were received to make it self-supporting. If the fees are found to be insufficient for this purpose, they should be raised to a point which will require no assistance from the general fund.

The above saving in these activities is also effected in the face of an added budget requirement of \$25,080 for the bureau of irrigation, Department of Public Works, which is for records and special surveys in the semi-arid districts. The records are deficient because

of inadequate appropriations. These are vital in irrigation administration as well as to the water rights of property owners; and surveys are imperative for the proper information of the department, not only as to the flow of the waters of the state, but as to the possibility of our water resources.

### UNIVERSITY

The Constitution of Nebraska recognizes the common school, the state university, and the normal schools as indispensable parts of a public school system which has given the state high rank as to educational standards. In view of the sound state policy as to the need of not only maintaining our educational standards and opportunities for our youth, but in demanding the highest efficiency in administration, I recognize at this time the particular need of our state university for additional maintenance. A careful survey of the situation with reference to the university leads to the inevitable conclusion that appropriations for maintenance, in order to maintain adequate standards, are necessary at this time. Appropriations for this purpose have not kept pace with the increasing enrollment, particularly in the years following the financial depression. As an example, on November 1, 1921, the total number of regular college students in actual and continuous attendance, was 4,784. On November 1, 1928, it had grown to 6,484. In the same period, the grand total of unrepeated names (including summer session, extension, and the secondary schools of the institution) had grown from 8,196 in 1921-1922 to 11,875 for 1927-1928. These totals might be misleading if we did not understand that the totals are considerably increased by registration of students, who after registration do not pursue the work. Many other students in this total pursue their work for a very limited time, some of them for not more than an hour a week, others for only a few weeks. The amount appropriated for salaries and maintenance for the university for the biennium 1921-1923 was \$3,418,250, while for 1927-1929 it was only \$3,500,000. It has been this condition which has rendered it difficult for the university to retain many valuable professors, avoid large classes, and in general maintain a position comparable with other universities. Approximately stated, the increase in enrollment has been twenty-five per cent while the increase in appropriation has been approximately three per cent. These comparative percentages are not wholly accurate as to maintenance funds for the reason that the maintenance available was materially increased by the fees received from students. However, I deem it important to materially increase the budget as to university maintenance. This maintenance represents money used largely for teaching, which determines our real educational standards. We had

better have a good university with limited buildings than to have a large physical plant with decreased educational standards. Because I deem the quality of instruction of primary importance, I have increased the maintenance for all purposes ten per cent over the previous biennium.

In view of this necessary increase and its allowance, and also in view of a prior demand at this time of the capital investment for our seventeen penal and charitable institutions, I have recommended only \$180,000 for lands and buildings, the amount to be applied as follows: \$100,000 for the purpose of acquisition of land for campus extension if the need arises; \$80,000 as an initial investment of a \$200,000 dormitory for girls, which the university authorities stress as a prior capital investment need. I favor the development of a dormitory program; however, such a program ought to be developed on the basis of a regular appropriation such as herein provided for an underlying equity, with the balance to be raised on the property under appropriation of the legislature and amortized by the earnings of the dormitory. This will obviate the necessity of taxpayers of the state supplying the entire capital for dormitory construction.

The material reduction in the amount requested for buildings is further justified not only because of the more imperative demands of other state institutions, as above set forth, but also because in the last four years the university has received for building purposes \$1,400,000. I regard it as a sound policy that capital expenditures should be assumed no faster than the development of the state.

### NORMAL SCHOOLS

For the same reasons set forth above as to educational maintenance of the university, I deem it just to make similar provision for the state normal schools. I therefore have recommended an increase in the maintenance of the normal schools of ten per cent. The basis of distribution for these several schools enumerated in the budget has been determined after a conference with the members of the Normal Board. I have also allotted to each of these four institutions the sum of \$45,000 as necessary for the completion of the buildings and improvements as outlined in the budget.

### BOARD OF CONTROL

Regardless of the just demand for our people for strict economy in the administration of our state government, I regard it as

imperative for the state to increase both maintenance and facilities for the unfortunate wards of Nebraska. The population of these institutions has been increasing with the growth of the state, and our facilities are inadequate to take care of the many unfortunate members of society who should have the care contemplated by our laws. This situation can only be met by an increase of maintenance as well as an increase in facilities. After careful investigation I have concluded that the maintenance for these institutions should be increased from \$3,375,000 during the past biennium to \$3,600,000.

I have also provided for repairs, replacements, and additional improvements as outlined in the budget as representing pressing needs. Three of the amounts included represent emergencies which I especially call to your attention:

Two years ago there was appropriated for the benefit of the Girls Training School at Geneva, the amount of \$25,000 for a cottage for colored girls. From the information I have it is necessary for the maintenance of discipline and successful administration at an institution of this kind, to segregate the colored girls from the white girls. The appropriation made was not sufficient to meet the requirements of this situation. I have conferred with both the Board of Control and the superintendent of the institution, and have recommended an additional \$15,000 for this purpose. If the \$25,000 is to be available before lapsing July 1, this \$15,000 should be made the subject of an emergency appropriation.

I have included in the budget an item of \$15,000.00 reported to me by the Board of Control since the presentation of Governor McMullen's budget, for the purpose of new stokers and resetting boilers at the Lincoln State Hospital. The defects of the present plant are such as to require immediate attention, and I recommend that this item be made the subject of an emergency appropriation.

Also since the presentation of Governor McMullen's budget, the Board of Control presented as an imperative need and as an emergency, an item of \$27,000 for repairs on the main building at the Hastings State Hospital. The report of the Board of Control on this matter is sustained by the findings and conclusions of a reputable architect. He reports a certain section of the building as dangerous, but finds that the building can be saved by this expenditure. Because of the present condition patients from the part of the building affected had to be removed to other quarters. I ask your consideration, therefore, as to the need of an emergency appropriation in this matter.

## BUREAU OF BANKING

In my inaugural message I made mention of the possible reorganization of the banking bureau. The ultimate budget for this important activity. It is impossible to accurately forecast the needs on a basis which is not known. I have therefore presented a budget for this agency on the basis of present departmental operations. Changes in this estimate will in all probability be required, but this will depend on the action of the legislature.

## LABOR—SAFETY REGULATIONS NEEDED IN INDUSTRY

It is asserted, and perhaps justly so, that the ever-increasing premium rates on compensation insurance constitute a menace to the advancement of industry in our state. It cannot be denied that the rates are greatly in excess of those in effect in the surrounding states of Wyoming, Colorado, South Dakota, Iowa and Kansas. We must bear in mind that the benefits of victims of industrial accidents, however, are substantially greater in Nebraska than in any of the states named, and no one favors a reduction in these already-meagre payments of compensation. On the other hand, the premium rates in Nebraska are substantially the same as those in Minnesota and Wisconsin, while the benefits in these two states are approximately twenty-five per cent higher than in our own state. This inconsistency represents a condition demanding careful consideration, and I have given the matter a great deal of thought and study.

Records of the department show that our accidents aggregate around 20,000 annually with total losses paid of \$1,000,000 in round numbers. This loss ratio of slightly in excess of \$50 per accident conforms to the general average prevailing throughout the entire United States. The loss dollar in Nebraska is divided almost exactly into 33 cents medical expense and 67 cents compensation, and this, too, is the proportionate share of these expenses the country over. These figures prove the fallacy of assertions that excessive medical expenses are the cause of our high premium rates. It is obvious that if we reduced our medical cost one-third of our present cost (which is unthinkable) the next reduction in our total cost would only equal about ten per cent. True medical expenses should receive the closest scrutiny by the department, to prevent the unscrupulous practitioner from collecting exorbitant fees in the few isolated cases. But in my opinion the solution of our problem lies in a well-defined intelligent, and conscientious accident prevention campaign, such as is continually conducted in the states of Wisconsin and Minnesota. Officials of the National Safety Council assert that Wisconsin possesses the best set of safety codes in the United States. A comparison

of the figures tends to show that this program has saved to employers of that state more than twenty-five per cent of their compensation premiums, as compared with Nebraska.

It is not improbable that such a campaign would eliminate an equal percentage of accidents in this state and thus reduce our total premiums more than a third of a million dollars annually.

Sound business judgment to say nothing of good conscience and humanitarian considerations, demands that our legislature pass a law authorizing and empowering the proper governmental agency to promulgate such safety codes as are deemed necessary, and at the same time appropriate sufficient funds for their enforcement.

I have, therefore, as heretofore set forth, made provisions in this budget for additional funds in the Department of Labor to bring about proper factory inspection.

### STATE BOARD OF AGRICULTURE

The Nebraska State Fair is a growing institution. The state has a plant valued at \$1,250,000; and there has been paid to the grain and live-stock products in Nebraska for premium more than has been appropriated for all purposes. This institution has been a splendid investment for the state in many ways. One of the more recent and growing activities is the boys and girls club work. In 1928 there were 1,200 boys and girls that took an active part in the Nebraska State Fair and made 6,000 exhibit entries. There are in Nebraska 12,000 boys and girls making preparations in this field of endeavor for the 1929 State Fair. This kind of an activity justifies a reasonable expenditure by the state, not only as an aid to agriculturè, but as a contribution to our future citizenship. The board has made a recommendation for a boys and girls club building for the last several bienniums. It has made a budget request of \$150,000, and I have recommended that the first unit for a boys and girls club building be approved by this legislature and the sum of \$75,000, as submitted in my budget, be appropriated for this purpose. I regard this capital investment as fully justified in view of the fact that there have been no appropriations for permanent improvements since 1920.

I have recommended that there be added for the State Board of Agriculture the sum of \$10,000 for a state publicity agency as outlined in my inaugural message.

### VOCATIONAL EDUCATION

I have reluctantly recommended the same amount for vocational education as appropriated each biennium for the last six years. This type of expenditure is inequitable because the burden rests on

the entire state and the benefits flow to special schools and special pupils within those schools. I favor education of this character, but the expenditure therefor ought to be met by the local subdivision desiring this instruction. State subsidy tends to extravagance. We should rely on local self-government to handle these special features of education. Until the legislature defines a different policy from that adhered to for many years, I have not felt justified in recommending the elimination of this item, but I have also discouraged the practice by denying an increase. I suggest that the legislature give serious consideration as to whether the policy should be continued.

### HEATING PLANT

The question of proper heating, lighting, and power facilities for the capitol and more efficient equipment for these purposes at the university, mentioned in Governor McMullen's message, should receive careful consideration by the legislature. I favor state ownership and operation of these facilities for these institutions. The question of whether they should be combined into one plant and whether such equipment is required now or may be deferred two years hence, your committees will be in better position to determine on full inquiry.

### BUREAU OF HEALTH

In the consolidations already effected in the Public Welfare Department with savings as set forth in the budget, it is the intention to strengthen rather than weaken the Bureau of Health. The state's work in health as embraced in the Welfare Department is not the treatment of disease, but an exercise of the state's police power for the prevention and control of disease. The administrative effort of the state, therefore, should be directed toward effective prevention and control, which involves efficient executive and administrative work in the professional fields with the objective of securing unified effort in the medical profession of the state for such a program.

### VITAL STATISTICS AND CHILD WELFARE

In my inaugural message I referred to the possible transfer of the vital statistics division to the Secretary of State and the transfer of child welfare to the Superintendent of Public Instruction. I regard the recommendation I made as entirely feasible and practicable. I desire to inform the legislature, however, in the reorganization of the Department of Public Welfare undertaken by me since my message was written, the consolidations appear to be

entirely possible within the departments so it will effect the economies desired. I desire to add that it is entirely feasible and desirable, which view is approved by the State Labor Department, that the enforcement of female labor laws and child labor laws, which have been inoperative, should be transferred from the Labor Department to the bureau of child welfare. This would require no additional appropriation as the child welfare maintains field workers in similar work.

### PUBLIC LIBRARY COMMISSION

This budget reduces the amount heretofore allowed for the Library Commission. This reduction is justified from the fact that one of the activities of this division is aiding the cities to establish scientific indexes of their libraries. Such expense should be borne by the community served and not by the tax payers at large.

### LEGISLATIVE REFERENCE BUREAU

The budget provision for this bureau has been reduced. This is on the theory that the purpose of such an agency is to secure information for the use of the legislature and to publish the Blue Book. To this extent it may be justified on a reasonable basis; bill drafting, however, could well be transferred to the Attorney General's office as the law department of the state.

### REVISING AND COMPILING NEW STATUTES

Because of the fact that there has been no new statute authorized by the state since 1922, and there is an imperative need of revision and compilation to date, I have recommended in this budget an appropriation of \$60,000 for this purpose. Former publications by the state have demonstrated that the state is reimbursed for practically all of the cost of publication through the sale of the published volumes.

### CONCLUSION

On matters herein presented, or any others pertaining to any state agency, I shall deem it my duty as well as a privilege to confer with the members of the legislature. The recommendations herein made are subject to full review by you as a coordinate branch of the state government. I feel sure that you will do your full duty as charged by the constitution and in accordance with the expectations of the people.

The legislature and the Governor together should cooperate in every way for economical and efficient administration. My sincere

hope is that after further review by you as to the needs of the state you may be enabled to reduce the amount of appropriations herein recommended.

Any information pertaining to any department or agency in the budget office shall be at your full command and I shall be glad to have your advice and counsel at any time.

Respectfully submitted,

ARTHUR J. WEAVER,  
Governor.

### MOTION TO ADJOURN

At 3:05 p. m. Senator Cooper moved to adjourn.

The motion prevailed.

I, George C. Snow, Secretary of the Senate, hereby certify that the foregoing is a full and complete record of the Joint Session of the House and Senate of the Nebraska Legislature held in the House of Representatives the twenty-second day of January, 1929.

GEORGE C. SNOW,  
Secretary of the Senate and Ex-Officio  
Secretary of the Joint Session.

### AFTER JOINT SESSION

On motion of Mr. Burke the House adjourned until 10:00 o'clock tomorrow morning.

(Signed) FRANK P. CORRICK,  
Chief Clerk.