

ing June 30, 1939. The tabulation also carries the appropriations made for the present (1935-7) biennial period, and the expenditures therefrom for the first fiscal year. The tabulation is divided into two parts, the first part being devoted to property tax funds, while the second part relates to special, cash, and federal funds.

Respectfully submitted,

WM. H. SMITH,
State Tax Commissioner
and Budget Director.

Dated January 22, 1937.

BUDGET MESSAGE

OF

R. L. COCHRAN, Governor

Delivered to the Fifty-second Session of the Legislature of Nebraska,

January 25, 1937

To the Members of the Fifty-second Session of the
Legislature of Nebraska:

In accordance with statutory provision, I am transmitting herewith my budget recommendations to your Honorable Body.

The preparation of a budget at this particular time is a difficult task because on the one hand there is evidence of extensive needs and on the other hand there is every evidence of decreased ability on the part of the taxpayer to pay. In the preparation of this budget, I have tried to keep in mind the minimum and most urgent needs of the various institutions and expending agencies. I have tried to keep in mind the responsibility of the state to these various agencies, and I have kept in mind the responsibility of the state to its citizenship at large. Fortunately for us, we can expand or retrench at any legislative session. We have no bonded debt or other fixed charges to pay for expenditures of the past. We have only to consider two factors—current expenditures and current tax collections. May we adjust these two factors, so as to be fair to all.

I call your attention to the fact that the total recommended appropriations in this budget to be derived from a property tax are less than the appropriations passed by the 1935 session.

Condition of State Finances

The financial status of Nebraska continues in excellent condition. There are no bonds, no registered warrants, and no outstanding obligations which cannot be paid when the order is presented. This condition is all the more remarkable when we consider that we have not adopted any new forms of taxes. The last report of the State Treasurer as of December 31st, 1936, shows:

STATEMENT

Showing the Receipts and Disbursements of the Nebraska State Treasury for December, 1936

FUNDS	BALANCES	RECEIPTS	PAYMENTS	BALANCES
Current Revenue Fund	Nov. 30, 1936			Dec. 31, 1936
General Fund	\$ 670,403.74	\$ 484,409.53	\$ 718,696.79	\$ 436,116.48
Capitol Fund	207,429.32	415.85	2,428.08	205,417.09
Game, Forestation and Parks				
Commission	30,210.66	29,479.36	13,709.42	45,980.60
Motor Vehicle Fund.....	55,800.04	8,316.32	20,329.55	43,786.81
Gasoline Tax	983,299.49	966,511.20	1,128,212.88	821,597.81
Miscellaneous Cash	389,531.94	35,744.78	50,991.65	374,285.07
State Assistance Fund (New).....	1,184,160.30	331,876.59	354,422.20	1,161,614.69
State Assistance Fund (Old).....	1,112,675.97	.....	.....	1,112,675.97
Federal Assistance Fund.....	688,033.73	.....	247,215.82	440,817.91
Federal Public Health.....	59,019.85	.....	2,355.50	56,664.35
U. S. Employment Service.....	3,073.73	.....	407.80	2,665.93
Federal Vocational Education.....	60,449.89	.....	3,194.55	57,255.34
Federal Aid Road.....	72,278.66	162,020.85	166,620.74	67,678.77
University Cash	410,306.52	.....	139,414.36	270,892.16
Federal University Fund.....	128,034.07	.....	51,758.08	76,275.99
Normal Cash and Library.....	29,358.93	10,784.14	11,123.15	29,019.92
Institution Cash.....	221,870.47	34,551.80	69,032.03	187,390.24
Compensation Court	34,860.28	.....	2,334.46	32,525.82
Aviation Fund	19,815.08	2,230.25	629.32	21,416.01
Liquor Control Fund.....	82,953.35	139,994.46	24,804.42	198,143.39

FUNDS	BALANCES Nov. 30, 1936	RECEIPTS	PAYMENTS	BALANCES Dec. 31, 1936
Trust Account National Industrial Recovery Highway Fund.....	676,626.20	64,762.74	335,907.39	405,481.55
Federal Hastings Hospital.....	117,901.89	.....	15,359.91	102,541.98
TOTAL.....	\$ 7,238,094.11	\$ 2,271,097.87	\$ 3,358,948.10	\$ 6,150,243.88
Current Trust Funds				
Temporary School	\$ 186,968.31	\$ 76,569.42	\$ 26,119.05	\$ 237,418.68
Soldiers Relief Income.....	53,455.40	4,001.19	13,997.73	43,458.86
University Income	317,310.42	4,278.82	12,561.82	309,027.42
Normal School Income.....	2,632.02	173.66	1,538.23	1,267.45
State Hail Funds.....	3,864.93	160.74	107.75	3,917.92
TOTAL.....	\$ 564,231.08	\$ 85,183.83	\$ 54,324.58	\$ 595,090.33
Permanent Trust Funds				
Permanent School Fund.....	\$ 123,388.80	\$ 252,195.05	\$ 266,502.28	\$ 109,081.57
Permanent University Fund.....	16,440.06	5,303.09	5,000.00	16,743.15
Agri. College Endowment Fund.....	2,837.58	4,928.84	.....	7,766.42
Normal School Endowment Fund.....	2,768.39	.....	.....	2,768.39
Soldiers Relief	47,274.76	5,936.55	47,000.00	6,211.31
Bessey Memorial Endowment Fund..	128.14	.....	.....	128.14
TOTAL.....	\$ 192,837.73	\$ 268,363.53	\$ 318,502.28	\$ 142,698.98
GRAND TOTAL.....	\$ 7,995,162.92	\$ 2,624,645.23	\$ 3,731,774.96	\$ 6,888,033.19

FUNDS	BALANCES Nov. 30, 1936	RECEIPTS	PAYMENTS	BALANCES Dec. 31, 1936
Trust Funds Invested (Bonds)				
Permanent School	\$11,017,413.53	\$ 266,502.28	\$ 248,997.85	\$11,034,917.96
Permanent University	272,457.39	5,000.00	5,303.09	272,154.30
Agriculture College Endowment.....	662,783.75	.....	4,928.84	657,854.91
Normal Endowment	80,494.75	.....	.....	80,494.75
Soldiers Relief	1,902,725.24	47,000.00	5,936.55	1,943,788.69
Bessey Memorial	6,340.00	.....	.....	6,340.00
TOTAL.....	\$13,942,214.66	\$ 318,502.28	\$ 265,166.33	\$13,995,550.61
Recapitulation				
Current Revenue Funds.....	\$ 7,238,094.11	\$ 2,271,097.87	\$ 3,358,948.10	\$ 6,150,243.88
Current Trust Funds.....	564,231.08	85,183.83	54,324.58	595,090.33
Permanent Trust Funds.....	192,837.73	268,363.53	318,502.28	142,698.98
Total Cash... ..	\$ 7,995,162.92	\$ 2,624,645.23	\$ 3,731,774.96	\$ 6,888,033.19
Trust Funds Invested (Bonds).....	13,942,214.66	318,502.28	265,166.33	13,995,550.61
TOTALS.....	\$21,937,377.58	\$ 2,943,147.51	\$ 3,996,941.29	\$20,883,583.80
Cash Account				
U. S. Government Bonds.....	\$ 3,714,073.76			
Due from Banks.....	3,173,959.43			
Total.....	\$ 6,888,033.19			

H. J. MURRAY,
State Treasurer.

STATEMENT

Equalization of Salaries

I will discuss individually in this message, the various agencies for which appropriations are recommended. I call your attention to the results of an investigation which shows great variations in salaries for similar work, ability and responsibility. I refer to men and women in executive, clerical and teaching positions in the various state departments and institutions.

Education

The most important obligation of government is education of its youth. This obligation, however, decreases in inverse ratio to the progress made in education by the individual. Under our laws, an elementary education is mandatory. High school education is encouraged by our free high school laws. Higher education is only a partial responsibility of government which is shared by government with the individual. In studying the needs of higher education, the question arises as to whether government should do more for higher education than is necessary to supply a public need. The state's contribution to education is made for higher education, for vocational education, and aid to elementary and high schools.

Two years ago, the legislature in making appropriations for higher education was influenced by the drouth of the previous year and a resultant reduced capacity to pay taxes on the part of the people. That condition has become more acute. However, I am recommending the same appropriation for the State University and State Normal schools as that appropriated two years ago.

I also recommend the same appropriation for the State Superintendent's office.

The national and state governments have recognized the necessity for broadening the base of education. Vocational education is supported by federal, state and local sub-divisions of the state. In addition to extending educational advantages to many who do not and cannot have higher education or even high school education, vocational education also supplies a public need.

I have recommended an increase in the sums to be appropriated for vocational education and rehabilitation. My recommendations are for the minimum amount necessary in order for the state and political sub-divisions to receive the maximum of federal appropriations allocated to this state for this activity.

Charitable and Penal Institutions

The population of our charitable and penal institutions has increased by approximately seventy per cent in the past twenty-four years. As a result of this great increase, conditions in some of the buildings have become crowded to a point where proper care and treatment is impossible. There is a constant waiting list of patients held in the counties, because there is not available space in the state hospitals to accommodate them. It is obvious that additional space is needed.

Over a long period of years the main hospital building at Ingleside, near Hastings, has deteriorated to such an extent that it is not feasible nor practical to repair. There is a hazard in continuing the use of this building.

The first unit of a new hospital building at Ingleside is now under contract. It is being financed with the \$200,000.00 appropriation made by the legislature of 1935, together with \$161,000.00 of federal funds. Further provision should be made during the next two years for continuing this construction with the idea of entirely replacing the old structure.

Because the Lincoln State Hospital is situated in a more populous area of the state, the demands for space are in excess of the facilities afforded. An additional hospital ward building is needed at this institution.

I am recommending an appropriation of \$400,000.00 for new ward buildings and the furnishing of ward buildings. Because of the uncertainty as to whether additional federal funds will be made available for this construction, I recommend that the expenditure of this \$400,000.00 appropriation be left to the discretion of the Board of Control.

I wish to call your attention to the fact that the general maintenance item includes repairs and replacements. Separate appropriations were made for these two items by the last legislature. The total for repairs and replacements appropriated two years ago was \$160,000.00. I believe greater efficiency will result with more flexibility allowed in the use of this fund. Attention is called to the fact that the cash funds of \$1,299,000.00 is an estimate. In the event this amount is collected, it will permit some raising of standards within the institutions.

To make an institution efficient, certain standards must be raised. As an example, guards at the State Penitentiary are working twelve hours per day, with but three days off per month. The

Board of Control, under their budget request and with my recommendation, expect to reduce the day of a guard to ten hours. These positions require alertness. It seems to me that a twelve-hour day is too long.

The care of the state's unfortunate should be a joint responsibility of family, county and state. I recommend a continuation of the present laws as to the responsibility of relatives of inmates in state hospitals, also as to the responsibilities of counties. It seems to me that this is the best guarantee we can have for proper care and discretion being used in the committing of patients to our state hospitals.

For the Institution at Genoa, I am recommending an appropriation of any unexpended balance existing at the end of this biennium. I agree with the Board of Control that the most efficient use that can be made of this property is as a prison farm.

Planning Board

Two years ago the legislature appropriated \$15,000.00 for a State Planning Board. However, a statute was not passed recognizing such a board. During this biennium, very considerable sums of federal money have been received and beneficially expended under the supervision of this board. I am recommending that the sum of \$15,000.00 be again appropriated from the gas tax, as heretofore. I recommend the passage of a law requiring and creating a state planning board with an additional appropriation of \$10,000.00 from the general fund. I recommend that this board be charged specifically with the duty of determining present and prospective building needs of the State University, State Normal Schools and charitable and penal institutions. I recommend that this building plan be considered for a period of at least ten years and that a report be made by the Planning Board to the Governor to be transmitted by him to the next regular legislative session.

It is my opinion that an important phase of the work which should be done by this Planning Board and the Department of Health is the making of a tubercular survey. I consider this necessary as a means of estimating new buildings which may be needed in the years to come as the State Tubercular Hospital. Such a survey should reduce the prevalence of tuberculosis by recognizing this deadly malady in its early stages. This procedure is highly recommended by medical authorities and the carrying out of such a plan should have the effect of saving lives as well as saving state money in the future.

It is expected that federal funds will be available for the Planning Board to carry on this activity.

Custodianship of the Capitol Building

As this message is being prepared to be sent to the printer, the Supreme Court has not yet passed on the question as to whether the office of Commissioner of Public Lands and Buildings is in force or abolished. In the absence of a Court decision, I am at this time following the opinion of the Attorney General which says that the office has been abolished.

I have prepared this budget anticipating legislation which will place the custodianship of the Capitol under the Department of Roads and Irrigation which, in turn, is responsible to the Governor.

Attention is called to the fact that two years ago, an appropriation of \$18,000.00 was made for the care of the Capitol grounds under the supervision of the State Capitol Commission. The same sum of \$18,000.00 is included in this budget, in addition to the amount recommended for the care of the Capitol building. It is recommended that the law creating the Capitol Commission be repealed.

Board of Educational Lands and Funds

As stated above, in the absence of an opinion from the Supreme Court at the time of the preparation of this budget I am following the opinion of the Attorney General in making recommendations for the Board of Educational Lands and Funds. I am making no recommendations for appropriations to the Commissioner of Public Lands and Buildings. In the event the Supreme Court should decide this case contrary to the Attorney General's opinion, my recommendations for the Board of Educational Lands and Funds should be revised to include provision for the activities of the office of Commissioner of Public Lands and Buildings.

Bureau of Aeronautics

It is recommended that in making an appropriation for the Bureau of Aeronautics, authority be given to the Aeronautics Commission to mark airways.

State Treasurer

Your attention is called to the item covering audit of state officers under the State Auditor. I have included in this item an

amount considered necessary for semi-annual audits of the State Treasurer's office.

It is to be recalled that with a bond of \$750,000.00 instead of \$1,000,000.00 being furnished and approved for the State Treasurer, \$2,500.00 will be saved to the state in bond premiums. This saving will be more than sufficient to pay the cost of these additional audits.

Joint Purchasing

It is recognized that the prices of some commodities have raised during the past few years. I believe, however, that such increases may be offset to a considerable extent by the advantages of joint purchasing of some commodities between the Board of Control, State University, the State Normal Schools and the State Purchasing Agent, acting for other state agencies. The advantages of this appear to me to lie not only in the probability of lower unit prices on larger volume purchases, but also in a better control of purchasing through central laboratory testing of commodities.

Social Security

I am recommending an appropriation for Social Security of an amount which together with estimated available federal funds, will be necessary to maintain the present rate of payments now being made under the Social Security Law. It is to be noted that the recommendation includes provision for these funds to come from the per head tax, beer and liquor taxes and a part of the additional one cent gas tax.

State Parks

Two years ago the Nebraska legislature passed a law providing for the maintenance of state parks from the general fund of the state instead of ten per cent of the game and fish licenses, as heretofore. The amount which I have recommended for state parks to come from the general fund of the state is equal to ten per cent of the total receipts from game and fish licenses estimated on the basis of collections during the first year of this biennium. The amount is \$32,000.00.

Department of Labor

Employment Service

An increase in appropriation for the Employment Service, over that made two years ago, has been recommended in order to match a major portion of the federal funds made available for this service.

Department of Health

A small increase is requested for the Department of Health for the purpose of matching federal funds made available for this activity.

Military Department

Attention is called to the possibility that WPA funds may be available for the construction of new armories, with a rather small percentage contributed by the state. It is possible that during the consideration of the appropriation bill, it may be desirable to give thought to this question, in connection with amounts now being paid for armory rent.

Law Enforcement

I am recommending that \$100,000.00 per year be appropriated for the State Law Enforcement Department. This sum is to be derived from a driver's license fund. I am recommending now, as before, the passage of a drivers' license law, providing for renewal every two years. I estimate that approximately seventy-five cents per license each two years will finance the administration of the law as well as state law enforcement.

Highways

In making an estimate for needed appropriations for highways, I had in mind available federal aid which requires matching by the state. I had in mind also the improvement of some roads on the state highway system where federal aid cannot be obtained and where it is necessary to finance the construction entirely with state funds. It is recommended that federal feeder road funds be given to the counties to be matched by them.

I call attention now, as I did in my inaugural message, to the great expansion that has taken place in the state highway system as a result of additions of state highways by successive legislatures.

In the budget for the Department of Roads and Irrigation, I have assumed that the one cent additional gas tax law, will be re-enacted and that approximately sixty per cent of the revenue coming from this one cent gas tax will go for highway purposes and approximately forty per cent for the maintenance of social security.

Conclusion

In the preparation of this budget, I have tried to recognize the responsibility of the state. At the same time I have tried to recognize

that the welfare of the state and its citizens and the ability to carry on state activities in the future, demand rigid economy at this particular time.

Respectfully submitted,

R. L. COCHRAN,
Governor of Nebraska.

MOTION—To Adjourn

At 11:30 A. M. on motion of Mr. Worthing the Legislature adjourned until 10:00 A. M. Tuesday.

HUGO F. SRB,
Clerk of the Legislature.