

June 30, 1947; to prescribe conditions for payment thereof; and to declare an emergency.

**LEGISLATIVE BILL 71.** By Committee on Appropriations, by A. J. Brodahl of Saunders, Chairman.

A bill for an act making appropriations for the state government of the State of Nebraska for the biennium beginning July 1, 1945, and ending June 30, 1947; prescribing conditions for the determination of the levy of the state taxes for the state general fund; reciting limits and conditions on the expenditure of funds from the appropriations so made; and to declare an emergency.

**MOTION—To Suspend the Rules**

Mr. President: I move that the rules be suspended, assignment be deferred, hearing on L. B. 64 be suspended and the same be placed on General File. (Signed) Fred A. Mueller

The motion prevailed with 32 ayes, 0 nays and 11 not voting.

**MOTION—To Suspend the Rules**

Mr. President: I move that the rules be suspended and L. B. 70 and L. B. 71 be referred to Committee. (Signed) A. J. Brodahl

The motion prevailed with 35 ayes, 0 nays and 8 not voting.

**BUDGET MESSAGE OF GOVERNOR DWIGHT GRISWOLD**

**Delivered to the Fifty-eighth Session of the Legislature  
of Nebraska, January 9, 1945**

Mr. President, Members of the Senate:

In submitting this Budget for your consideration, I want to admit most candidly that I am not at all sure as to what the needs of the State may be during the next biennium. Surely no person can today see what the State's financial requirements will be two and a half years from now, and it is this two-year period beginning July 1, 1945, that I am attempting to cover in this budget. In trying to look into that dim distance I feel like a person who is walking alone, up a dark alley, in the blackness of night.

Under our system of government the appropriation of money is

the responsibility of the legislative branch. It is properly so. You have recently been in close contact with the people of Nebraska and you know their desires and their ambitions and I am sure you will use good judgment in arranging the financial affairs of the state for the coming biennium. It is the duty of the Governor of Nebraska, at the beginning of the legislative session, to submit a budget and after you have passed on it and have enacted an appropriation bill, the executive officers of the state then have the responsibility of carrying out your desires and seeing that the money appropriated is spent wisely and properly.

### **The Past Record**

Before discussing with you some of the items involved in the budget, I do desire to make a report as to what has been done in the past. I want to tell you how we have carried out the financial trust which in previous years you placed in my hands and in the hands of the State's other executive officers since I have been Governor.

First, let me say that you will discover upon close study that we have not even come close to spending all of the money which you appropriated two years ago. In many funds you will find huge balances which we had a perfect and legal right to spend but which we thought it more wise and prudent to conserve. For instance, in the Department of Roads and Irrigation there is an unexpended balance of about three million dollars and in a great many other departments there are likewise large unspent balances. We could have hired additional employees, created jobs, paid higher salaries. We could have spent millions and millions of dollars, all entirely legal, but it has not been done.

Likewise the legislature of two years ago created an emergency fund of one-half million dollars which could have been spent by the executive officers of the state. Out of that half million dollars there has only been expended the sum of \$15,000, and the balance of \$485,000 is left untouched.

I might cite another example of prudent financial management. The Legislature of 1943 at our suggestion gave to a group of the executive officers of the state, authority to sell certain bonds which were held in the permanent school and other trust funds. We have just about completed that program and by doing so, we have added \$484,565.73 to the total of these trust accounts. This is really a profit to the state. The amount received for the bonds which were sold has been invested in government bonds and is safe for future generations of school children.

I would like to tell of another case of good financial judgment.

Due to the fact that unspent balances were accumulating in the State Treasury and also due to the collection of old taxes, a large surplus arose in the hands of the Treasurer. It was decided that inasmuch as the banks paid the state no interest on the balance it would be wise to invest this money in short-term government securities. As a result the state now has seven and one half million dollars of its treasury surplus invested in these government bonds and the income—a pure profit—now amounts to \$132,943.40.

I cite the above instances to show that to the extent of our ability the executive and administrative officers of the state have done what we feel to be a good job.

### **The Spending of Public Money.**

At the outset of my discussion of the budget, which I am here-with submitting for the next biennium, I want to quote a paragraph from the report of the Interstate Committee on Postwar Reconstruction and Development of the Council of State Governments. I happen to be a member of the committee which drafted this report and I think it is particularly appropriate.

“Under the American system, the only valid justification for a tax-supported governmental activity is that, despite the tax, it leaves the people in their individual capacities better off and with more wealth and income at their private disposal than would be the case if both the activity and the tax were non-existent. Even this justification is not sufficient. It must also be reasonably clear that the activity in question cannot be performed, with equal or better consequences as regards the sum total of private welfare, by private business enterprises operating through the mechanism of the market. Assuming that an activity qualifies on both of these counts, it is still the duty of the government to see that no more is taken in taxes than is necessary adequately to perform the services.”

That is sound philosophy of Government.

Nebraska is made up of economically minded people. We are a thrifty people. We have discovered through harsh experience that if money is wasted it is gone forever. That is true whether it is wasted by us personally or whether it is wasted by a unit of government which is representing us. There are certain things which government can and must do, but there are also many things which government cannot and should not do. It is your duty and sometimes a difficult one to make the decision as to what government should attempt and how much money should be spent on the effort.

For many years the government of the State of Nebraska has been operated economically and I am especially proud of the fact that during the past two years the state government of Nebraska has collected less per capita from its citizens than any other state government in the entire United States. I know of some people with a "spending complex" who feel that we should be ashamed of that record. Personally, I am extremely proud of it and I feel that those of you who served as members of the legislature during the last two sessions are entitled to a large share of the credit.

It is a rather trite statement to say that it is not always real economy to fail to spend money. That, of course, is true. Many times the spending of public funds will return more to the people than the cost of the expenditure. True economy, however, does insist that as little should be spent as can accomplish the purpose. Likewise it is a peculiar fact, but my experience makes me sure that it is true, that if two men can accomplish a certain job, the hiring of three will cause the job to be done less efficiently than if only two are used. The employment of more than are really necessary adds the element of confusion and sometimes jealousy and is another reason why we must be very careful.

### **Budget Shows Increase**

The attached budget calls for a rather large dollar increase in expenditures by the state. I think all of you realize very well that it is a plain impossibility to operate seventeen state institutions, a large university, four normal schools and the other state agencies for the same amount of money that they used a few years back. At least it is an impossibility if we are not to mistreat the inmates of the institutions and limit our school and other facilities to such an extent that they cannot do a good job.

No one knows what problems will be presented to the University of Nebraska or to the State Teachers Colleges because the nature of those problems depends largely upon the outcome and time schedule of the war. I have tried to look ahead as best I can, however, and these budget recommendations are based on the theory that the first year of the next biennium will be a war-time year, while the second year of the next biennium will be a period during which we are changing over from war to a time of peace. We are hoping, of course, that victory will come much sooner but that would perhaps only enlarge some of our financial headaches.

So far as the University of Nebraska and our State Teachers Colleges are concerned, I feel that we must place them in position to

meet the needs which will arise when the war begins to come to an end. In fact, that trend is already in effect as many men are now being discharged and are returning to college. Our schools must be able to attract high class, capable and magnetic instructors if they are to fulfill their proper role. I have suggested good-sized increases in their budgets but feel that it should not be used—or at least not be completely used—to increase the salaries of their present staffs. A large reserve should be set aside so that they may add to their faculties the type of men and women they will need in the days to come.

The war is affecting the budget in several ways. I am recommending an increase in the amount of funds to be spent for the presentation of claims of returning veterans to federal agencies. This is surely a duty we owe to the men who are fighting for us today. An increase is also being recommended for the Board of Vocational Education as their program must also be fitted into the postwar situation.

I suggest a larger sum for the State Superintendent of Public Instruction to enable him to assist in improving our educational system. So far as the sums suggested for aid to weak districts and for normal training in high schools, I am making no change from two years ago. I want to call your attention to the fact, however, that the sums do not permit the State Superintendent to follow the plain provisions of the statutes and I feel it is your duty to amend the laws or appropriate more money.

An appropriation of about Sixty Thousand Dollars is recommended for the Employment Service. This will only be needed when and if the service is returned to the state by the federal government. It shows up in the budget as an increase but will perhaps not be spent. If you decide to again create an emergency fund, that may care for this possible expenditure.

In both the labor and health departments it will appear that there are large increases in the sums allotted them from the property tax or general fund. Much of this increase is due to the fact that two years ago there were unexpended balances which during the present biennium are being spent, necessitating the raising of the funds now from some other source.

### **No Tax Change Needed**

I wish to assure you that the increases I recommend in this budget can all be provided without altering our present taxation structure and without necessitating any new forms of taxation.

Your particular attention is invited to two changes which I have made from previous budget recommendations and from previous appropriation bills. I recommend a lump sum appropriation to the University of Nebraska to include their general educational program, the Conservation and Survey Division, the College of Medicine and Chemurgic Research. The responsibility for the expenditure of these funds rests with the Board of Regents and they certainly can make adjustments and hold back reserves better than can the Legislature or the Governor. In previous appropriation bills several of the funds appropriated to the University have been earmarked. If we should follow that policy to the end, we would earmark a certain part of the appropriation to the Arts and Sciences College, another part to the Engineering College, another to the Graduate School, etc. If we do not have sufficient confidence in its executive officers, then we should create a new system for the management of the University.

I feel that the same rule applies to the four state normal schools and have recommended a lump sum appropriation to be expended by the Normal Board, with the Board making provision for all four schools. The Board should function as a board, deciding where increases are necessary, where salaries should be increased, and I do not feel it is the duty of the Legislature or the Governor to provide for four schools separately, perhaps favoring one over the other from the standpoint of appropriations.

### **Postwar Construction Fund**

In closing, I want to refer to a matter which is not included in my budget. I recommend that three million dollars be transferred from the unexpended and unappropriated balance in the State's general fund to a postwar construction fund. This money can later be allocated to the different agencies of State government as the Legislature may determine, and the agencies can then go ahead with specific plans as to how it should be spent when materials and labor are available. We are indeed fortunate to have this general fund balance which can be used in this manner. On December 31, 1940, when I came into office, there was a deficit in the general fund of \$192,871.17. In the appropriation bill passed in the 1941 session, and at my suggestion, some unexpended balances were lapsed into the general fund and created a balance. Then in addition a large sum of money has been collected by the state from old delinquent taxes so that today there is a balance of approximately four million dollars. It is necessary to have an operating balance of about a million dollars which can be a cushion to carry us over periods when taxes are not paid promptly. It is possible, however, to appropriate the three million dollars which I suggest without adding to the state levy, permitting

us to carry on a worthwhile construction program and still leave the state in good financial condition for the future.

In connection with postwar road building plans, I feel that I should report to you the fact that a recent Act of Congress has made available to Nebraska in the three years following this war, federal highway funds in the amount of \$25,000,000. To match this full amount it will require state funds amounting to about \$22,500,000. The surplus today in our highway construction account, together with the income which can be anticipated in the future, will make available for matching the federal money slightly less than half of that which is required. It appears that there is a great demand for roads to be constructed or improved throughout the state, and there is likewise a feeling that jobs must be available, and I think it wise to call this matter to your attention. Some have suggested an increase in the gasoline tax and others feel that some of the money which is now being sent back to the counties and towns should be made available to match the federal funds. The entire matter is one for your serious consideration.

I have discussed with you here today only a few of the specific items which are carried in the budget. I will welcome the opportunity to meet with your Appropriations Committee and with members of the Senate individually to discuss these matters further and I am sure by counseling together we can do a good job, adequately providing for the needs of the state and yet protecting the interests of the taxpayers and people of Nebraska.

Respectfully submitted,

(Signed) Dwight Griswold, Governor.

### Bills Referred to Standing Committees

L. B.	Committee
39.....	Agriculture
40.....	Government
41.....	Judiciary
42.....	Public Health and Miscellaneous Subjects
43.....	Public Works
44.....	Public Works
45.....	Public Works
46.....	Public Health and Miscellaneous Subjects
47.....	Public Health and Miscellaneous Subjects
48.....	Public Health and Miscellaneous Subjects
49.....	Public Works
50.....	Judiciary