

On September 7, 1946, I appointed Blaine Young, Omaha, as a member of the Liquor Control Commission, for the term expiring May 25, 1947.

On September 23, 1946, I appointed E. C. Iverson, Ponca, as State Fire Marshal.

On October 24, 1946 I appointed Clarke L. Wilson, Lincoln, as a member of the Game, Forestation and Parks Commission for the term expiring January 15, 1951.

Respectfully submitted,

(Signed) Dwight Griswold
Governor of Nebraska

BUDGET MESSAGE

January 8, 1947.

Mr. President, Mr. Speaker and Members of the Senate:

In accordance with the Constitution and the Laws of the State of Nebraska, I am submitting herewith my budget as the outgoing Governor for the biennium beginning July 1, 1947. There is also being presented an appropriation bill to carry out the provisions of this budget.

Let me first say that this budget is coming to you in an entirely new form which I believe will be of much more value to you and to all of those interested in the financing of the government of the State of Nebraska. This budget is also realistic in its estimate of "cash fund" collections. Previous appropriation bills have generally kept these estimates very low in order to keep the appropriation totals low, but I am at this time changing that policy. No estimates, however, are being made as to the federal funds which may be received and spent by the State of Nebraska. Inasmuch as the state has no control over the amount of federal funds which may be available, it is truly impossible to make any reasonable estimate. We can, for instance, estimate fairly well the amount of gasoline tax which will be collected by the state and be available for road building, but the amount of federal funds which will be spent for that purpose will depend entirely upon the amount of road building which it is found possible to do.

I have been Governor for the past six years. When I came into office there was an overdraft of about \$200,000 in the general fund of the state. Today there is a balance of more than \$1,000,000

and in addition, two years ago we transferred from the balance at that time \$3,000,000 into a construction fund. This rather amazing change has been due partly to better budget procedures which have been adopted and also to the fact that with more prosperous times many old delinquent taxes have been paid.

During this six year period we have more than doubled the average payment to the recipients of old age assistance. We have cleaned up the deficiency which for fifty years had existed in the permanent school fund and have greatly increased the income from that fund. A profit of \$635,000 was made from the sale of certain bonds which were held and the purchase in their place of United States government bonds. I have been especially proud of the fine record we have been able to make during the past six years in connection with this school fund account.

We have also made a large profit for the state by the investment of our cash balances in the State Treasury in government bonds, instead of permitting the money to remain idle in banks. During the past biennium, income to the state from this source was \$142,500.

It has been impossible during the war years to build the roads which were needed and it has even been impossible to properly maintain those which had already been constructed. Even during the past year with the war won, it was impossible to do the work which was planned. A year ago it was anticipated that 1946 would see about \$16,000,000 worth of highway construction. Due to the lack of material and equipment and also because of the lack of adequate engineering and other personnel both on the part of the state and on the part of contractors, it was possible during the past year to contract only \$8,400,000 of highway work. The money which was not spent is still available, however, as we declined to spend it unless we could get value received for the money.

In presenting this budget 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 was 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 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."

You may recall that in 1945 this statement of sound philosophy of government was made in my budget message delivered to you.

There are a few items in this budget to which I particularly wish to call your attention. I am recommending a lump sum appropriation to the Board of Education of State Normal Schools. I feel that this board should assume its rightful authority as the guiding administrative head of our four teachers' colleges. The board itself should have control of this fund and make the decisions during the course of the biennium as to where the money is needed. It is the policy which the legislature has for many years followed in making appropriations to the Board of Control which has charge of 17 state institutions and I believe it permits a more wise administration of affairs.

The opinions of the Attorney General and the actuary and the experience of the past year's operation of the School Retirement Fund present a problem of policy in providing adequate reserves for the payment of the benefits provided in the act. There are two general courses which can be followed and the question is of such importance to the state that I feel the legislature should make the decision. I have, therefore, made only a nominal recommendation covering this item.

I feel also that you should give serious consideration to a law providing some plan for the retirement of state employees. This has already been provided for the employees of the University of Nebraska and of the four State Teachers' Colleges and I feel that all employees of the state are entitled to similar consideration. It should be remembered that public employees do not come under the provisions of the Social Security Act.

I want to take this opportunity also to recommend the creation of a department of veterans' affairs which will in the one agency conduct the activities which are now being carried by the State Service Officer, by the Veterans Service Coordinating Committee and by the Superintendent of Public Instruction in connection with the G. I. training program.

I would like to recommend also that contact be made with the State of Iowa to see if a compact cannot be arranged between the

two states so that the land just east of the City of Omaha, which lies west of the Missouri River but still remains a part of the State of Iowa, be transferred to the jurisdiction of Nebraska. It may be necessary in order to complete this compact to pay Iowa something for the transfer of this land, but I am sure that this change should be made.

You will remember that four years ago a special levy was created to make up the deficit in the permanent school fund and provide for the construction of a building to house our Nebraska Historical Society Museum. I would like to recommend that at this session you provide the additional funds which may be needed to construct this Historical Society building. It is something which Nebraska needs and also it would permit the return to the State Capitol of the Department of Placement and Unemployment Insurance which is now housed outside.

Many requests have come to me for appropriations for the construction of new buildings, and for the repair of existing buildings at the state institutions under the Board of Control and at the four State Teachers' Colleges. I have had a study of the condition of these buildings made by engineers from the office of the State Engineer, and a copy of their report will be filed with your appropriation committee.

Nebraska during the past six years has collected fewer dollars per capita from its citizens for the support of our state government than any of the other 47 states. This is a record of which all Nebraska can be proud. It proves beyond all question that we have been economical and while it may not be possible or even wise to continue to hold tax collections at that same level, yet I do recommend that you seriously study and question all appropriation requests which are made to you. Economy in government means honesty and decency in government, and government by practicing thrift teaches a good lesson to all citizens.

This budget recommends a large increase in appropriations from the general fund. I think it will be found absolutely necessary that the Board of Control receive a greatly increased appropriation. They have established a shorter work week and our institutions have during past years been inadequately staffed. The University of Nebraska now has the largest enrollment in its history and it must be remembered that it and the four State Teachers' Colleges are competing for instructors with other universities and colleges which have been paying much higher salaries. Every activity of the state, in fact, is costing more than in previous years and I feel that after you have studied the situation you will recognize that fact.

Upon previous occasions I have recommended that the legislature submit to the people a constitutional amendment to permit the governor to veto specific items in an appropriation bill. I feel that a governor should have that power. It does not mean that the legislature will not have final authority as to what shall be spent but I do believe a governor should have the right to bring to the legislature's attention certain items which he believes are not needed and the legislature can if it so desires then pass them over his veto just as can be done in all other legislative matters.

The control of the purse strings of the State of Nebraska is in your hands. During the past six years you have acted wisely and well and I have tried to cooperate by giving to the affairs of the state honest and economical administration. I am sure that such policies will be continued in the future.

Respectfully submitted,

(Signed) Dwight Griswold.
Governor of Nebraska.

STANDING COMMITTEE REPORTS

Committee on Committees

Mr. President: Your Committee on Committees submits the following schedule for the selection of the standing committees.
(Signed) Arthur Carmody

AGRICULTURE—Hoyt, Chairman

Weborg	Raasch	Burnham
Lillibridge	Cretsinger	Prichard
Copeland	Person	

BUDGET—Callan, Chairman

Wood	Kosman	Carmody
Garber	Mueller	Norman
Heiliger	Burney	

BANKING, COMMERCE AND INSURANCE—Babcock, Chairman

Lee	Copeland	Benesch
Prichard	Carlberg	Doyle
Cretsinger	Raasch	