

of this act; to provide salaries; and to repeal the original sections, and also section 81-701, Reissue Revised Statutes of Nebraska, 1943.

**LEGISLATIVE BILL 182.** By George Hoffmeister of Legislative District 37 and Karl E. Vogel of Legislative District 9.

A bill for an act relating to state institutions; to provide for an advisory board for each mental health facility in Nebraska; to provide for the members of such boards, their qualifications, appointment, terms of office, organization, and compensation; and to provide for meetings and duties of the boards.

**LEGISLATIVE BILL 183.** By Joseph D. Martin of Legislative District 30, Norman A. Otto of Legislative District 34 and Dwight W. Burney of Legislative District 14.

A bill for an act relating to juvenile courts; and to provide for the transfer of juvenile cases from one county to another.

#### **Committee to Escort Governor**

The President appointed the following members, who comprise the Budget Committee, to escort the Governor to the Legislative Chamber for the purpose of delivering his Budget Message: Bridenbaugh, Chairman, Liebers, McHenry, Vogel, Shultz, Diers, Pizer, Peterson and Fenske.

The committee withdrew and escorted the Governor to the rostrum, where he delivered the following:

**BUDGET MESSAGE**  
**HONORABLE VICTOR E. ANDERSON**  
**TO THE**  
**LEGISLATURE OF NEBRASKA**  
**SIXTY-SEVENTH SESSION**  
**JANUARY 20, 1955**

Mr. President,  
Mr. Speaker,  
Members of the Legislature:

Foremost among my duties as Governor is the task of presenting to you my proposed budget for the biennium 1955-57. My energies have been limited to the creation of a realistic budget. Of help in

my deliberations has been my experience as a member of the Budget Committee of the Legislature in 1949.

The State Government of Nebraska is a multi-million dollar business. It is the state's largest. Nearly 11,500 people are on its payroll. It comprises 44 departments and branches. These are divided into nearly 170 divisions and sections. Some of these departments are big businesses in themselves.

It is your responsibility to go to the people of Nebraska and through the power of taxation obtain from them the tax dollars to operate this huge business. It is the responsibility of you and me to see that these tax funds are used wisely to meet the needs of our people for governmental services evaluated in the light of our people's ability to pay for them. Together, also, we must assure a dollar's worth of value for every tax dollar spent.

Never forget—government is created by the people to do those things for the people that they cannot do individually. Every demand of the people for government services must be evaluated by weighing the apparent need for them against the people's capacity and willingness to bear the cost.

I said that state government is big business, but it differs from private business in this respect: When private business expands by building more plants and hiring more employees, the result is more income from the operation. When the services of government are expanded, there is not necessarily an increased monetary return. Instead, the people, themselves, have to pay the cost, retaining a diminished income for their own use. Today, government on all levels takes approximately one-third of the income of the people of Nebraska.

By its very nature the making of a budget for such a big business is an inexact science. A realistic budget that will not become operative for five months and that covers the succeeding two years can only be an educated guess at best. In this world of rapidly changing economic conditions, who among us can accurately forecast his own dollar requirements for the next two years?

Therefore, I say to you that my proposed budget is not the final word and is not so intended. Rather, it is a framework within which you and I, working as a team, must examine and re-examine every department and agency to determine the cost of its performance of the duties imposed upon it by law.

You have by law provided an orderly process for this examination. Your budget committee will examine every department to determine

such things as: How many employees do you need—how much equipment? What is the minimum of tax dollars necessary for the performance of your duties?

Throughout these examinations I will confer with you, and all information available to me as Governor I will make available to you. As these examinations reveal the facts, I will welcome the opportunity to give you my further recommendations.

Because of the difficulties inherent in a two-year budget period, I propose a new fiscal management policy for the State of Nebraska. In the past Nebraska's has been a hand-to-mouth financial existence. The Legislature appropriated a specific amount of money for a biennial period—sometimes it was too much—sometimes it was inadequate. Many times "Cash Funds"—sources other than property taxes—have been inadvertently underestimated, resulting in excessive revenue for some departments. In other cases appropriations were limited to specific amounts which proved to be inadequate. In both tax and non-tax funds there are frequently unexpended balances which now must be estimated in advance for the purpose of reappropriation. Occasionally, there are deficiencies requiring a special appropriation at the beginning of the legislative session. Furthermore, emergencies have arisen which have required a special session of the Legislature to make emergency appropriations. As a result of these conditions there has been waste in some departments, an unnecessary curtailment of services in other departments, and an unwarranted burden upon the Legislature in being called into special sessions.

To remedy these conditions, to better our fiscal management, and to encourage thrift and saving in our government, I propose the creation of an Operating Reserve Fund. This fund shall not require additional revenues, but shall be a withholding of funds at the time of appropriation until a true necessity arises at a future time. The fund should be administered by an agency vested with the authority to allocate parts of the fund for the performance of necessary and lawful functions of any state agency not reasonably foreseeable at the time of the adoption of the budget.

You might consider placing in this fund the properly available unexpended balances, proceeds derived from the sale of surplus property, and a reasonable percentage of the regular appropriation.

The Attorney General assures me that this can be accomplished legally under our Constitution. I have in mind certain details to implement this plan which I should like to take up with your Budget Committee at the earliest possible time. I am confident that your Honor-

able Body will act on this matter in the interest of better fiscal management for our state.

There has not been the opportunity for me to analyze critically the needs of every department of our government. However, I have found areas where reductions of approximately \$1 million should be made in the budget of the outgoing Governor. These reductions are from the general fund which is derived from direct taxation and will be reflected in my budget document. These recommended reductions I have made in five of the 44 departments. I am confident that critical analysis by the Budget Committee and myself of the remaining departments will disclose further areas where reductions may be effected.

By the studied use of sound business practices our agencies of State Government can render improved performance. By that I mean such things as:

1. Standardization of engineering, construction, and maintenance in the Department of Roads and Irrigation;
2. Use of private industry where that will result in the job being done cheaper than with state employees and equipment;
3. Use of a personnel director: It has come to my attention that different departments pay different salaries for similar duties, and that some departments have requested pay raises while others have not. I have in mind a central personnel office for the recruitment, job classification, and schedules for the various departments. We must guard against waste through idleness;
4. Scrutiny of travel costs: We should scrutinize our cost of travel by state employees to the end that it be reduced to a minimum. The operation, maintenance, and repair of state-owned vehicles must be at the lowest unit cost.

I recommend that you continue to place the Teacher Retirement Program on a sound financial basis.

In 1947 this Legislature wisely established an Institutional Building Fund by imposing an annual tax levy of 1.1 mills. This was a ten-year program which terminates in 1956. Admittedly, the Legislature in 1947 was unable to foresee the accomplishments over that period. Substantial benefits have resulted from this fixed and steady source of revenue over the past eight years.

For example, the total collections as of June 30, 1954, were \$21.1 millions. The University of Nebraska received 40% of 1 mill amounting

to \$7.6 millions. The Board of Control received 45% of 1 mill amounting to \$8.6 millions. The State Teachers Colleges received 15% of 1 mill amounting to \$2.8 millions. The Military Department received 10% of one mill amounting to \$1.9 millions.

I recommend that you review and re-examine the achievement to date of this Institutional Building Fund Levy with the view of determining:

1. Whether it should be continued;
2. If so, at what cost to the taxpayers;
3. What, if any, change should be made in the distribution.

### CONCLUSION

These budgetary recommendations are not all-conclusive for the purpose of your appropriations bill. They are indicative of the principles that I believe should reflect our fiscal policy.

I am sure that by our combined effort we shall adequately provide for the cost of our State Government for the next biennium with responsiveness to the needs of our people and by means consistent with our sound economy.

Let us share our efforts with diligence and sincerity of effort.

(Signed) Victor E. Anderson  
Governor

The Committee escorted the Governor from the Chamber.

### GENERAL FILE

**LEGISLATIVE BILL 20.** Read and considered.

Mr. McGinley offered the following amendment, which was adopted:

Amend LB 20 by adding the emergency clause and amending the title to conform.

Advanced to E and R for review.

### SELECT FILE

**LEGISLATIVE BILL 15.** Mr. Bixler asked unanimous consent that LB 15 be laid over until Monday, January 24, 1955. No objections. So ordered.