

UNANIMOUS CONSENT—Re-refer Bills

Mr. Moulton asked unanimous consent to have LB 123 re-referred to the Committee on Public Health instead of the Committee on Public Works. No objections. So ordered.

Escort Governor

The President appointed Mr. Vogel, Chairman of the Budget Committee, to escort the Governor to the Legislative Chamber.

Mr. Vogel escorted the Governor to the rostrum, where he delivered the following:

BUDGET MESSAGE

**HONORABLE VICTOR E. ANDERSON
TO THE
LEGISLATURE OF NEBRASKA
SIXTY-EIGHTH SESSION**

January 17, 1957

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

Two years ago when I presented my budget message, I made the statement that my proposed budget was not the final word—and was not so intended. Rather, it was a framework to be examined and re-examined in an effort to adopt a budget that would be adequate and enable every department or agency of State government to perform the duties imposed upon them by law.

Let me emphasize that same thought to you today in presenting a proposed budget for the coming biennium, and assure you of my willingness to cooperate in every respect, pledging the assistance of the personnel in all departments under the jurisdiction of the Governor's office. I am confident that you will have the same wholehearted cooperation of all elected Constitutional Officers.

The directors and superintendents of the respective departments of government, and the elected Constitutional Officers are to be commended for their cooperation and help in the preparation of *my proposed budget*. *They were courteous and sincere and even though our minds may have differed, our relations were, and remain, most friendly.*

I am confident that these men, you as Senators and myself, as Governor, can work together and jointly strive for the abatement of our own personal desires and wishes, seeking adjustment of our state problems and needs so that our economy and sound government may continue to progress.

There may be some disagreement over methods, but that is the American privilege. Our ultimate objective or goal must be to keep what we have; to retain what we have achieved and to carefully determine what we believe to be the functions of government that will give the best service to the people we represent. This must be done without taxing them beyond their ability to pay.

In your capacity as Senators, with a knowledge of the needs and economy of the respective districts which you represent, I am sure you will carefully scrutinize every activity of our government, evaluating its needs and the services it renders to the people. It is your decision that will control. You will require adequate proof of the needs of any activity of government before granting an appropriation. In so doing, you will be following the pattern sagely advised by Thomas Jefferson when he was speaking of a free government. He said:

“The same prudence which in private life would forbid our paying our money for unexplained projects, forbids it in the disposition of public money. We are endeavoring to reduce the government to the practices of rigid economy to avoid burdening the people.”

In the preparation of this proposed budget I have attempted to emphasize what I believe to be the taxpayer's position and what I believe will be for the better interests of Nebraska—that there should be no increase in the tax on property. An examination of the budget will reflect such a result. Permit me to refer briefly to some of the recommendations.

HIGHWAYS

I recommend adoption of the Highway Department budget for our State and Federal highway programs, which will carry into effect the programs for the entire highway system. This is a balanced program, taking account of the needs of our people and treating fairly all rural areas as well as the cities and towns.

We now have two systems of highways, the Interstate and our regular State Highway System. I recommend that our present highway user funds be used for construction and maintenance of our present State Highway System in Nebraska.

The Interstate Highway is being built primarily for the defense of our country and for that reason the Federal Government is matching \$9.00 to every \$1.00 of State money. It will be necessary for you to provide additional funds to carry out the Interstate Highway System in Nebraska.

HIGHER EDUCATION

This subject has been one of ever increasing importance in our state and nation. It is important to the welfare of all the people in Nebraska. In the past, the Legislature has recognized the need for a fine school; it has appropriated the necessary funds, and the University of Nebraska has made real progress as a result.

The following figures indicate the growth of appropriations from tax funds:

In 1949 \$ 8,000,000;

in 1951 12,000,000;

in 1953 15,000,000;

in 1955 17,800,000;

and, in 1957, \$21,000,000 recommended by the Governor.

As a former member of the Legislature and now as Governor of Nebraska, I have been and am now vitally concerned that the State of Nebraska should have a good, first class university. It is my opinion that the quality of a school is determined by the quality of its teachers and not by the magnificence of the structures in which instruction is conducted. Therefore, I am recommending an increase in the budget for the University of Nebraska of \$3,200,000, for a total appropriation of \$21,000,000. With this sum I feel that the progress of the University will be sound. After many conferences with University officials, I am convinced that this sum will maintain an excellent faculty and will provide adequate physical facilities. This sum will provide recommended salary increases for the faculty and the entire staff, and provides approximately \$800,000 additional for general needs.

Concern has also been expressed for the welfare of the State Normal Schools. The following figures indicate the growth of appropriations from tax funds in this instance:

In 1949, \$2,025,000;

in 1951, 2,789,000;

in 1953, 3,019,000;

in 1955, 3,624,000;

and, in 1957, \$4,400,000 recommended by the Governor.

This recommendation will, I am confident, enable them to continue their progress on a sound basis.

BUILDING LEVY

The 1947 Legislature created a 10-year institutional building fund and provided for a special levy of 1.1 mills on all tangible property plus $\frac{1}{3}$ of the State's share of intangible taxes. The proceeds of the special levy were allocated on a percentage basis to the University of Nebraska, the State Board of Control, State Normal Schools, and the Military Department. At that time, your attention was called to an emergency relative to the needs of the institutions, arising from the backlog of needed construction and maintenance which accumulated during the depression years and the years of World War II when materials and labor were not available for building or maintenance projects.

Your legislative committee, after careful study, recommended continuance of such a special levy for a further 10-year period, but suggested that it be reduced to $\frac{3}{4}$ of a mill and the proceeds be allocated on a percentage basis to various institutions.

Agriculture and industry in Nebraska are experiencing serious difficulties because of the drouth, and I respectfully recommend that for the coming biennium the special levy be reduced to $\frac{1}{2}$ mill for the following reasons:

1. The greater needs of the Board of Control have been taken care of and it is my opinion that no additional building facilities will be needed for the next two years.
2. The University of Nebraska is studying a program relative to the daily use of classrooms, laboratories and other facilities which will increase classroom capacity by about 25%. This will help to reduce the immediate need for building additional classrooms during the next two-year period.
3. The immediate needs of the National Guard Armories have been taken care of and no additional building facilities will be needed for the next two-years.

I further recommend that the Legislature create a committee to determine the use of the institutional building fund, and in order that you might have the full details relative to a committee of this nature and its duties, I have had a bill drafted for introduction.

UNIVERSITY COLLEGE OF MEDICINE AND HOSPITAL BUILDING FUND

In 1953 the Legislature authorized a property tax levy of $\frac{1}{4}$ mill, to be used as a temporary supplement to the other building funds available for the erection, remodeling and equipment of buildings and plants for the University College of Medicine and Hospital.

The needs have been met to the extent that the College of Medicine is fully recognized and accredited. There will be close to \$800,000 dollars available in this biennium from collections of the tax levied in 1956 and prior years. This can be used for the original purposes intended.

Plans for further development and administration of the functions of the College of Medicine and the Hospital should be studied and re-examined. Until further plans of operation are finally determined it is my feeling that the funds supplied by the taxpayers from this levy can best be used for other needs of the State.

Therefore, I recommend that the further levy of $\frac{1}{4}$ mill for the University College of Medicine and Hospital be temporarily discontinued.

TEACHER RETIREMENT PROGRAM

For many years our teacher retirement program was financed upon a pay-as-you-go basis. In 1953, the Legislature placed this financing on an actuarial basis. The estimated need to fund the program properly was placed at $\frac{1}{2}$ mill. The levy was set at this amount in order to build up the fund to take care of the deficiency arising from the years we were on the pay-as-you-go basis and to establish a sum to make the program sound. It was understood at that time that if experience disclosed more or less than $\frac{1}{2}$ mill was needed, this mill levy would be adjusted accordingly. Studies now show that the $\frac{1}{2}$ mill levy is bringing in more dollars than are required to fund the program properly, but that $\frac{1}{3}$ mill would be sufficient.

Therefore, I recommend that you reduce the mill levy for the retirement program to $\frac{1}{3}$ mill. This can be done and still keep the fund sound.

This matter has been discussed with the assembly of the Nebraska State Education Association, who, in their letter of December 27, 1956, state a preference for retention of the $\frac{1}{2}$ mill tax as the preferred method for the support of the Nebraska School

Retirement System, but offer the following alternate, which I shall quote from their letter of December 27th:

“As an alternate proposal the NSEA would not object to, and would probably support, a reduction in the tax from one-half mill to one-third mill, providing that this tax is enacted for a period of ten years to insure financial stability of the system. If the tax were reduced to one-third of a mill, it must be understood that it would take nearly thirty years instead of twenty years to fund the system. This is not objectionable, as the security of the system is as secure as the taxing power of the State of Nebraska. The NSEA would support this alternate proposal for the following reasons:

1. It would mean a reduction in state taxes which seems to be necessary at this time because of agricultural and economic conditions in some parts of the state.
2. It would meet current liabilities and would place approximately \$500,000 annually in annuity reserve for future liability.
3. A tax for a ten-year period would give the members assurance that the system would be funded in the future and that retirement benefits for those now teaching would be guaranteed.”

STATE SOIL CONSERVATION COMMITTEE

We are all very mindful of the value of soil and water as the greatest of our natural resources and the betterment that results from wise conservation practices. I have recommended no change in the appropriation of the last biennium for the State Soil Conservation Committee. The Committee recently informed me that they would offer suggestions to you for certain revisions. I shall gladly join with you in evaluating the desirability of changes that may be properly reflected within the scope of our budget.

MENTAL HEALTH

Nebraska has a fine mental health program. The Psychiatric Unit in Omaha has been recognized as one of the best in the nation. The Board of Control, in submitting their budget, reported that although they had included some of the funds requested for the mental health program they had requested a detailed report to be submitted by Dr. Cecil Wittson, State Director of Mental Health. Dr. Wittson states that he will have the report ready to

submit within the next two weeks. At that time I would appreciate having him appear before this body in order that together we may evaluate the report and determine the best approach to enact the program he may request.

In closing I would like to point out that even though we are facing some drouth disaster problems which we must solve at a temporary sacrifice to some of the objectives we would like to achieve, we do not despair or lose faith in the future. We have a great State; a thrifty and intelligent people; and we know that it will rain again. We must and will find both the ways and means to continue the agricultural, industrial and educational progress of our great State. I have every confidence in you and that your wisdom will result in proper legislation and appropriations to take care of the needs of the people of Nebraska, consistent with our present day economy.

I pledge my continued ceaseless efforts to see that we get the most service possible from our tax dollars.

Respectfully submitted,

(Signed) Victor E. Anderson
GOVERNOR

STANDING COMMITTEE REPORTS

Enrollment and Review

LEGISLATIVE BILL 2. Placed on Select File.

(Signed) David D. Tews, Chairman

MOTIONS—Rule Changes

Mr. President: I move that the first amendment to the rules, page 133 of Legislative Journal for the Twelfth Day, be adopted. (Signed) Tom Dooley

Mr. President: I move that the first amendment to the rules, page 133 of Legislative Journal for the Twelfth Day, be referred back to Rules Committee. (Signed) Terry Carpenter

The Carpenter motion lost with 14 ayes, 16 nays, and 13 not voting.

The Dooley motion lost with 0 ayes, 33 nays, and 10 not voting.

Mr. President: I move that amendment No. 2 to the rules, page 133 of Legislative Journal for the Twelfth Day, be adopted. (Signed) Tom Dooley

Motion pending.