

## MESSAGE FROM THE GOVERNOR

Mr. President, Mr. Speaker, Mr. Chief Justice and Associate Justices of the Supreme Court, Members of the 83rd Nebraska Legislature, Ladies and Gentlemen:

For the third time in as many years, I stand again at this podium to offer for Legislative consideration an Executive Budget specifically designed to meet the legitimate needs of Nebraska State Government and tailored to holding the line on the equivalent of state sales and income tax rates that were in effect in 1970.

The Executive Budget is presented in both Bill and Narrative Form for the first time to allow better understanding and discussion in both legislative and other forms. This is not offered as a document that represents perfection but is reasonable, workable, and is based on what I believe to be continued constructive progress.

I have no illusions that this budget will be accepted without alterations by due legislative process. But I do wish to stress that the suggested total appropriation of \$563,510,000 including General Fund increased appropriations of \$10,000,000 for operations, plus additional General Fund increased appropriations of \$11,000,000 which represents new authorizations approved last year by this body are the near maximums allowable. I charge you with the responsibility to limit your authorizations accordingly or forthrightly take the only other honest alternative which would be to force an increase in general state tax rates.

When Revenue Sharing was approved, I immediately directed that all such funds be placed in a special account from which only the Legislature could appropriate. I do recognize the constitutional separation of powers between our two branches of government. Later in this message you will learn of my concern over the generally misunderstood concepts in this area. The net Revenue Sharing monies of approximately \$31 million should be appropriated as follows, in my opinion: \$6 million to fund the Personal Property Tax Bill passed over my veto last session, plus \$4 million for high priority Capital Construction needs. The balance of \$21 million, then, I suggest, should not be disintegrated by the financing of a host of pet projects but rather should be conserved specifically for Real Estate Tax relief. To do otherwise, it seems to me, would be breaking faith with what the vast majority of Nebraskans anticipate and expect from such funds. This will not be possible unless all resist the temptation to consider Revenue Sharing as a bonanza that brings forth an opportunity for new spending spree.

Please allow me to digress from strictly budgetary considerations for a few minutes to comment on the generally healthy conditions of the state.

The state of the State is excellent. Nebraskans have a right to be proud as never before of their accomplishments. Anyone not "bullish" on Nebraska is uninformed. We are showing a steady growth rate in population, economy, jobs, tourism, and last year set a new record in the establishment of new industries. We have reversed the previous

outmigration trend. Our number one industry, agriculture, is currently receiving relatively good prices for its products. With all of this good news, we are assured future progress and further expansion of "Nebraska and the Good Life."

But as I view my responsibilities, this is a time for me to cite not only the encouraging but some possible troublesome areas that require our collective attention and considerations in the months and years ahead.

Nebraska, with all its assets, is but one of 50 states in our great republic. We are locked into a federal system whose actions have a dramatic effect on our economic well-being, especially as they affect agriculture. I am deeply apprehensive about what appears to be the National Administration's long-range agriculture plans and how such considerations will affect Nebraska's family farms.

While all recognize 1972 as a good crop year, many of our food producers were severely handicapped by an unsatisfactory fall harvest season.

On November 16th last, I call for a federal declaration of an emergency area for certain counties thereby qualifying farmers, who could prove losses, low interest loans, among other considerations, as they plan their 1973 operations and expenses. As a result of my request, federal officials were able to establish a conceded farm loss of approximately \$50 million in Nebraska although they then dilly-dallied until the U.S.D.A., under instructions from Secretary Butz, had sufficient time to expedite his previously announced plans to "phase out" such historic agriculture emergency relief that was initiated 35 years ago. I suggest that a policy of loans to lockheed but not to farmers, is, at best, inconsistent.

The agricultural policies of the administration including sharp curtailment of R.E.A. loans, extension of liberalized beef import quotas, crippling of long standing farmers home and ASCS policies, abrupt decreases in 1973 crop assistance and acreage set aside programs, severe cutbacks in watershed, flood and water conservation assistance, and cancellation of the rural environmental assistance program, all add up to long-range agricultural planning that short changes the family farmer while banking on continued crop failures in the Soviet Union as opposed to the sound management of this nation's most precious economic asset...Our great food producing plant! And what might you do about this as members of the Legislature? You could join in expressing your opposition and concern in the form of a strongly worded resolution to the President and the Nebraska Congressional Delegation on all of these anti-rural America pronouncements. I urge your action accordingly.

Turning to another matter of concern to all, road building, we see more inconsistencies. The Federal Administration's impoundment of some five billion dollars of Highway Trust Funds, already collected and paid into the fund by special Highway User Taxes, and its detrimental effect on State Road Construction Programs remains of great concern to myself and all my fellow Governors. That five billion represents more than one year's total federal highway authorizations. The Governors have made our objections known in Washington.

As you may know, we have been kept closely advised by the State of Missouri in their thus far successful challenge, through the Federal Courts, of the administration's actions in this regard. The U.S. Supreme Court will eventually decide on an appeal by the Federal Government from a lower Federal Court's decision directing the administration to release all such funds. This month prominent elected Congressmen and U. S. Senators have intervened as a "Friend of the Court" on the side of the State of Missouri. Here again I suggest that a resolution of support to proper authority of the position I have taken would be in order from the Nebraska Legislature, including language to place us in opposition to the announced policy to divert parts of the fund to mass transit systems.

The Nebraska share of these impounded funds will reach an estimated \$30 million this year. With Nebraska currently receiving only 74 cents back for every dollar our citizens pay into the Federal Highway Trust Fund, and in consideration of the \$30 million withheld but legitimately due us, it would be foolhardy and the height of fiscal irresponsibility for Nebraska to now sink further into interest crippling bonded debt as a few vocal special interest groups and irresponsible spenders continue to demand. There seems to be a modern mania advanced by some that bonded debt is the "in" thing. I must remind you that for each dollar of bonded debt Nebraska assumes we must pay back an additional 63 cents because of interest and service charges. That is very expensive deficit financing under any economic manipulations. Please remember that well, as you listen to the pressure groups.

Fault me, as some of you have and will, for resisting bonded debt. At least you know and hopefully appreciate my position.

Let me set the record straight, once again! This state has not lost one penny in Federal Highway Funds because of your Governor's refusal to plunge Nebraska further into bonded debt. Nevertheless, I again specifically request that the Legislature authorize, but not attempt to direct, executive issuance of up to \$10 million in additional bonded debt, should some become necessary to finance an unanticipated construction emergency or to meet federal matching requirements.

Before returning to the state budget, there are some additional concerns with regard to the interlacing of federal and state funds that should be reflected upon. I wish to salute the President for finally taking measures to control overall skyrocketing spending. The dramatic steps now being taken, however, indicate lack of long-range fiscal planning. It should be pointed out that the shock treatment methods currently being employed make a mockery of previously announced prodigious programs, such as the commendable water pollution efforts. The yo-yo approach to fiscal management in Washington confounds those of us who attempt businesslike procedures in government.

The much heralded Federal Revenue Sharing Program announced by the President last October apparently turns out to be not additional federal dollars, as billed, but more likely a convenient vehicle for providing less total funding to the states. Since Revenue Sharing was proclaimed by the President from Independence Hall in Philadelphia, there has been a

steady withdrawal of federal funds from a host of programs that had been historically federally funded. Until the budget message of the President, we will not know the details of his plans. Suffice to say, let us proceed with caution in our state spending commitments. I can anticipate that the doors of the Capitol Building may be spinning merrily by those who will demand state funding to replace the loss of Federal dollars for a host of projects that will be described as "mandatory."

Let me urge caution before pursuing any massive spending programs, especially where present or anticipated federal funding is involved. This is a time for careful consideration of priorities. This is a time when pet projects, however laudable, must be reviewed with caution and as they affect the total budget and available revenues.

An important subject that will face this session of your honorable body will be the employment of state tax collections to provide real estate property tax relief. In my budget recommendations, you will find outlined possible plans to employ the majority of Nebraska's share of federal Revenue Sharing for such tax relief.

A committee of distinguished Nebraskans whom I have asked to help develop our administration's plan is considering the specifics which I will present to the Legislature.

Without going into detail at this time, I have the obligation to advise the Legislature that no plan for fair tax equity and equality will have my endorsement unless we level with the people and guarantee real, long-term relief which presupposes a reasonable and effective lid on school expenditures. From my knowledge of the measure being sponsored by the Legislative Committee on the subject, it meets none of the tests that I have outlined and is merely a warmed-over version of such legislation that I successfully vetoed in the last two sessions. They have steadfastly refused to publicly estimate total cost of their plan or give its impact on the sales and income tax rates. I cannot agree to any plan that ignores the interests of or fairness to the rent payers in Nebraska. I have noted with alarm the almost total indifference of legislative proposals regarding these Nebraskans. Rent credits are in effect in the States of Minnesota, Wisconsin, Vermont and California and are proposed in many others, including Colorado and Michigan.

I cannot agree to any bill that commits the state to doubling the state sales and income tax rates. A property tax relief proposal should not require an increase of more than 1 percent in the sales tax and a required matching contribution from the state income tax for total funding of the plan. Let me emphasize again that no tax increase is necessary unless you pass a Property Tax Relief Measure.

The specific budget recommendations that accompany this message outline in detail our suggestions for expenditures in Fiscal 1973-74. Please allow me to comment on some specific areas.

We have a fine University and higher education must continue to receive our monetary support.

The University Budget request to the Board of Regents for fiscal 1973-74 was over \$11,000,000 over this year's University expenditures for

a proposed total of \$106,500,000. The Regents took action that reduced the requested increase by \$2,400,000. We have, after careful review and consideration, reduced the request an additional \$2,700,000 and are recommending a total budget of \$101,300,000, including General Fund authorizations of \$50,800,000. That represents total funds net increase of 6.2% over last year's legislative funding approval for the University system, but is half of their original requested increase.

Our four state colleges have experienced rather substantial drops in both enrollment and credit hours taught from 12 to 14% respectively. In view of this, I am recommending an approximate 3.5% reduction from last year's total authorizations for the colleges.

Nebraska is nationally recognized for our overall leadership in mentally retarded programs. In community based programs, which we have expanded rapidly the past two years, we surely are among the state leaders. Using a combination of matching local, state, and federal funds, we have gone from \$2 million in fiscal 1970-71, doubled to \$4 million in 1971-72, and doubled once again to \$8 million during the current fiscal period.

Our budget recommendations for such programs call for a further 20% increase in state general fund contribution, raising from the current \$1 million to \$1,200,000 for fiscal 1973-74. Provided local and federal support continue to increase percentage wise as in the past, we could envision an expansion of some \$1,600,000 or up to a total of \$9,600,000 for our fine community base facilities for 1973-74.

While we have made significant progress in the treatment and training of the generally more severely retarded programs at the Beatrice State Home, including reduction of population from 2,200 to 1,300 residents in the last few years, we have not made what I feel to be enough advancement in professional staff and certainly no Nebraskan can be proud of the general living conditions in old buildings without facilities for normalization in living patterns or air conditioning.

We are therefore recommending, to assure a balanced program for all our mentally retarded, the beginning of a plan for modernization of the Beatrice facility which we hope will eventually be further reduced to a population of approximately 600 to 800 as the community based programs continue to expand. This program calls for general fund expenditures of \$2,150,000 for 1973-74, and projected possible further improvements of an additional four million in succeeding years.

It is our suggestion that we continue the administration's plan for gradual decentralization of the state's mental health services. We envision more localized state financed facilities stressing out-patient type clinics where practical and dedication to even better professional treatment.

The total budgets for the Regional Centers should remain approximately the same as last year but due to declining number of patients, the net result is that we will still be providing more dollar care behind each resident.

The Department of Institutions is carrying on an aggressive program for recruitment of more professional staff in all state facilities.

In regard to our correctional programs, we are in the process at this time of upgrading facilities at the outstate institutions at York, Geneva and Kearney.

During the past two years much progress has been made in the areas of community based treatment. I refer to work release, educational release, as well as furlough programs. Our Parole System has been upgraded. Today we have more inmates under parole supervision than we have in-house at our institutions. In addition, we have rapidly expanded our educational programs, basic skill training, and vocational rehabilitation program. These improved services are in line with recommendations of national penal organizations.

In the broad area of the Penal Reform Study, no one denies the need for upgrading the existing facilities at the penal complex and the reformatory. I shall provide you my suggestions on this subject at a later date.

During 1972 we were able to reduce the previous year's record death toll on our highways by seven even during further increases in our gross traffic volumes and miles traveled. In my opinion, this was accomplished only by a concentrated traffic safety effort primarily promoted by the news media which resulted in public awareness and better driving habits. In October, during the first days of Super Safety Day, we were 27 deaths ahead of 1971 record breaker pace. We were able to reduce this figure by some 35 between late October and December 31. We have much more to do. I suggest that the Legislature review irrefutable statistics that show an increase of 63% over the previous year in fatalities on roads affected when the night-time speed limit was increased from 60 to 65 MPH in 1971. I ask again that you pass legislation to reduce this night-time speed limit back to 60 MPH on such roads. I further request that you enact measures which would make mandatory revocation of driver's licenses for 30 days for anyone convicted of driving under the influence of alcoholic beverages or drugs, and enact other "Get Tough" legislation for better highway safety that will recommend in the form of bills. Among them will be mandatory blood testing for all drivers and pedestrians involved in fatalities, 30 day automatic loss of license for speeding in excess of 15 MPH in areas posted for 60 MPH or more, a habitual traffic offender statute, and mandatory reporting of all convictions for driving while intoxicated.

The needs of Nebraska's older persons are many and varied. However, a most especially pressing need... about which comparatively little is presently being done... is that for the services and assistance which will make it possible for the elderly to continue to lead independent lives in their own homes. To this end I have charged a task force of state administrators to help coordinate our efforts.

In our mobile society, much of the assistance which families formerly provided to parents and grandparents is just not possible. It is for this reason that state government intends to play an active and aggressive role in a federal-state-local partnership designed to make available at the local level such services as Homemaker Assistance, Specialized Transportation Services, Home Handyman Services, Home Health Care, and Special Group

Dining and In-Home Nutrition Services tailored to the needs of the elderly.

State agencies, such as the Commission on Aging, can do much to assist local communities and organizations to initiate such services, but local imagination, effort, and resources will also be required. I call on local leadership, therefore, to inventory their communities, their resources and the needs of their elderly population, and to begin to plan with us those undertakings which can make life more satisfying for our senior citizens.

You will note further expansion of Nebraska's top flight State Patrol and its important duties of not only highway safety but criminal and drug investigation efforts. We are suggesting an increase in State Patrol strength by 24 including necessary equipment to support same.

During recent months several cases of severe hardship have come to my attention, because families did not qualify for the Crippled Children Program or other welfare categorical programs. These cases usually involve the families of children suffering from conditions not currently covered and so expensive that they create a catastrophic situation for the family. In most instances a working father would be better off financially to quit work and thereby qualify for a host of welfare benefits.

I recommend that a fund of \$100,000 be set up to assist the counties in matching their funds in order to secure federal emergency assistance to help in such situations. This appropriation could result in \$100,000 county funds, \$100,000 state funds and \$200,000 federal funds for a total \$400,000 fund for the purpose. Rules and regulations would be set up to handle such cases by the Department of Public Welfare working in conjunction with the counties.

It is time that we face squarely and fairly an equitable Election Reform Bill in Nebraska. The expenditures of funds to seek elective office is becoming prohibitive. We all recognize some elections may be "bought". This is not right, so let's do something about it. Recognizing that this is an issue that is given great lip service, but little action, I will again present the Legislature a bill that I hope will be a basis for necessary corrective and constructive legislation, with enforcement teeth to make it meaningful.

Once again I call for the elimination of the so-called "Wyoming Clause" from the State Environmental Protection Act.

There has now been enough experience in other States with No-Fault Automobile Liability Insurance and I urge passage of a workable measure this session in hopes of reducing insurance costs to Nebraskans.

For many years we have struggled with the matter of the forced sale of school lands. I believe existing legislation not to be in the best long-range interests of the School Trust Fund and the future educational opportunities of Nebraska's school children. Because of my direction such sales are currently prevented by the courts. I respectfully urge your consideration in changing present statutes.

Capital Punishment for certain types of murders will again receive my active support. I would anticipate that the sentiment for passage of such legislation is favorable. We must be cautious and seek expert legal approval of any measure passed as it will undoubtedly have to meet the constitutional test of the U.S. Supreme Court.

Governor Nelson Rockefeller of New York has had great experience in drug related problems. We should at least listen to his advice. He has recently conceded that one billion dollars have been wasted in New York with a host of popularly sold programs that have not been successful. Here is what the Governor said on January 3 to the New York Legislature:

"We have this choice:

Either we can go on as we have been, with little real hope of changing the present trend; or we must take those stern measures that, I have become convinced, common sense demands.

We must create an effective deterrent to the pushing of the broad spectrum of hard drugs.

In my opinion, society has no alternatives."

Many drug pushers are a far worse threat to our society than most murders.

I suggest that the Legislature enact tougher mandatory long-term sentences for convicted hard drug criminal profiteers. For their favorite victims, the user turned pusher to support his enslavement, we should provide more incentives for voluntary rehabilitation and if refused we should provide prisons terms with good time only for cooperation with enforcement officials for prosecution of the professionals.

One of our problems, I believe, is that we spend too much time pampering and protecting those "Hooked Pushers" and not enough caring about their young victims of tomorrow and the next day...and it happens right here in Nebraska every day.

In closing, I assure you the cooperation of my office and all the code Departments of the Executive Branch. I repeat, especially for the information of you new Senators, that we have a "Wide Open Door Policy" in the Governor's Office.

There will be differences as each of us view our responsibilities and obligations to the citizens of our Great State. Effective communication between the Legislature and the Executive can minimize misunderstandings.

Two years ago we set upon a goal to unify Nebraska for the common good. I feel that great strides have been made and that working together we can keep and improve upon that worthy objective.

With God's help and blessing then, which we seek and so desperately need, let us continue to work together to further develop "Nebraska—The Good Life."

The Committee escorted the Governor from the Chamber.

## BILLS ON FIRST READING

The following bills were read for the first time by title: