

January 10, 1974

than this. He takes out, he deletes all the rest of.. let's see. A Strike after a. all of lines 4 through 17.

SENATOR CARPENTER: Let's stick to the amendment. It's been separated for consideration. Let's talk about the first amendment.

SENATOR WHITNEY: Well I'm talking about the first amendment.

SENATOR CARPENTER: No you're talking about let's farm this thing out to other people.

SENATOR WHITNEY: No, sir. I'm talking about point 1, which says, strike after A in parenthesis, all of line 4 through 17. Now this means that you strike that part which is b. Which says not more than 5% thereof, shall be invested in the securities of any one corporation. Now, that particular portion of the bill was created in order to stop the Investment Officer from picking one corporation that he favors, and investing all the money from the state for School Teachers Fund in one corporation. I don't think we should allow him to put all the money in one corporation. And by striking this, he could if he wanted to, but I think that the guideline that should be left in the bill. Now this portion that says about the primary carriers. There's a question on that too. Now with our School Teachers Retirement Funds, as I recall we send a certain amount to them that's going to be distributed. That's going to be distributed to the school teachers. But while they have that there, they have it in a surplus, then they invest it. It's presently drawing 7 or 8% interest. And I feel it hurts the school teachers fund to take that privilege away from the public employees retirement board. And therefore, I'm against this amendment. Because I think it has been too hastily drawn, and then let's get together. Senator Carpenter, myself and anybody else who is interested and try to work out a compromise on this, after killing this particular amendment. However I feel that possibly this is so important, that maybe it should have a separate bill. I had put on your papers I had papers put on your tables this morning. And I want to explain the returns on common stocks. This is relevant because this is what we're talking about. It shows the percentage change in earnings per share of common stock of the thirty nine corporations in which the retirement funds were invested by the Nebraska Investment Council. In the column to the right shows that the weighted average increase in the earnings of the 39 corporations this last over the preceding year was 17%. My point is that our Investment Officer has invested in Common Stocks, in Blue Chip Corporations and their earnings increased by 17%. And a foot note indicates that the cash dividends have increased by 13.9%. Now we don't buy common stocks to sell we buy them to keep. We buy them for the purpose of earning money. Now for example, if those earnings were to increase at the rate of even 10% a year. We soon would have a doubling of the cash dividends, probably. In twenty years we would have another gain. And so I feel very definitely that our investments in common stocks have been properly made. So far as the investment council is concerned. Now he had to take over a lot of common stocks that had been turned over to banks and insurance companies for their investment and they did not do a very good job. And I supported Senator Carpenter is shifting that portfolio from those insurance companies and from those banks to this investment council. I was very happy to do that. Because