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and the fear of them is real is easily remembered in our last legislative session. The cries then about the elimination of essential services filled this Rotunda. To verify my assertion that our understandable reluctance to reduce the budget should be resisted, I ask you to identify now that reduction which five months ago seemed catastrophic. And I ask you to tell me today how catastrophic that reduction feels right now. I have concluded that we cannot tax ourselves out of this problem by raising income or sales tax rates. To do so would allow us to avoid the issue of keeping and would allow us to avoid the pressures of reducing our government budgets during a multi-year crisis. To do so would also discourage economic development at a time when we need it most. I need to make it clear to all of you that my notion is that government must cut at all levels. Many of the letters that I have received from local elected officials in response to my call for a one and a half percent reduction in state aid assumed that I was shifting costs. But my call is for vertical cuts based on across-the-board spending reduction targets for all governments. We must not engage, or we must try not to engage in finger pointing and blame shifting. Local elected officials, many of whom have already faced difficult budget decisions, will be called upon for additional efforts. State officials must become more aware of incremental impacts that new legislation can have on local costs. Finally, all government must avoid the all too easy approach of starting new programs for which future lawmakers will have to pay the bill. The situation we are currently facing, both in terms of the state's economy and the general fund budget, is not without precedent. It was fascinating for me to review the six biennial budgets covering the years 1927 through 1937. The state general fund budget during that period of time was cut over 30 percent. It was cut from 30 percent from the years 1929 to 1933. State government was significantly restructured, eliminating several cabinet-level positions and reducing or eliminating other positions and programs in a variety of areas, including agriculture, state aid and higher education. Funding for the University of Nebraska, for example, was reduced by \$1 million in 1933, a year in which the total general fund budget for the University was \$11.3 million. As these numbers indicate, pressure on the state government spanned a four-year period. If we are to take a lesson from history, we cannot consider the current situation to simply be a short-term problem. I do not believe that we are