

March 10, 1982

GOVERNOR THONE: Mr. President, Mr. Speaker Marvel, members of the Legislature and distinguished guests, first and most sincerely let me thank the Speaker and the other members for providing me the opportunity to address you on a matter of critical importance to the citizens of our state. I appreciate, appreciate very much the tight constraints of your schedule and I will be brief this morning and to the point. Nebraska, its citizens and its state government are in the midst of a very difficult economic situation. A severely depressed agricultural economy, stifling high interest rates which we are told again this morning are going to abate, hopefully so, rising unemployment, layoffs, cutbacks in hours, the closing of small and large businesses, all combined with a general decline in economic activity, and of course these have resulted in a sharp reduction in the revenue projections prepared last November. As I have noted on many occasions, projecting revenues twelve to sixteen months in advance is a difficult task under the best of circumstances. I am certain that no one would call our present economic situation the best of circumstances. Bob Bishop, the editor quotes in the current issue of The Nebraska Farmer a farm credit official as saying, "If you are blessed with the ability to arrange flowers in a whirlwind, the 1980's will be just for you." Now if anyone can do it I think perhaps our friend here in the front row, John, can arrange such flowers. But to be sure, the 1982 economic projections are a bit treacherous, indeed. Suffice it to say that those projections of the Revenue Department were wrong, along with those of almost everyone else on the national scene who engaged in the risky endeavor of predicting the future. Let me quote to you today a paragraph from my State of the State message that I delivered here on January 11. Just two months ago I said this: "I advised you at the conclusion of the Special Session that we were not yet out of the economic woods. That advice warrants repeating today. Nebraska has not experienced the worst of the national recession. Nebraska has not been forced to contemplate the extreme measures undertaken by many states. Nevertheless, the recession continues to have an inevitable effect on Nebraska's economy. While national forecasters project an economic upturn sometime in late spring or early summer, I repeat to you now, we are not yet out of the economic woods." On February 1, State Budget Administrator Larry Bare presented to your Appropriations Committee my revised revenue and budget proposals. At that time the estimated total general funds available for appropriations and the recommended budget were set at 758 millions of dollars. Since that date several actions have occurred to change that number. Based on a decline in January