

January 10, 1989

supplies. Last year this Legislature enacted a state revolving fund for constructing wastewater facilities. The federal government provides 80 percent of the cost, with the state responsible for the remaining share. That cost is \$3.6 million for the biennium. A number of states are now using revenue bonds as an alternative source for obtaining their state matching funds, and I would recommend that Nebraska adopt this funding concept, allowing this important environmental program to go forward. A major increase has been provided for Medicaid services, administered by the Department of Social Services. Expansion of eligibility requirements by the federal government means more Nebraskans will receive assistance to cover the costs of nursing home and other medical care services. Many older Nebraskans need and are entitled to our help. An additional 56.1 million dollars over the next two years will help to provide to those in need. Such care cannot be measured in financial terms alone. These are commitments we gladly make to those Nebraskans who over the years, through hard work and sacrifice have built our state. Another need has to do with capital construction plans for our campuses. The focus is on basic utility repairs and improvements and related life safety code requirements. To meet the needs at the University, my recommendation is \$5 million for the biennium. If the University is to engage in quality research, the basic utility system requires maintenance and upgrading, simply to provide the minimum necessary cooling and heating capacity along with electrical requirements. At the State Colleges, similar funding totaling \$500 thousand is recommended. An additional 3.6 million is needed for the mechanical and electrical system repair project at Wayne State College. Studies and recommendations by experts indicate this project must be completed as rapidly as possible. I have also recommended \$383 thousand for planning money for the renovation of and addition to the College of Business Administration at UNL. It is clear that this project is long overdue and critical to the delivery of undergraduate and graduate programs to Nebraskans. I have, however, placed a total project cost limit of \$7.3 million from state funds on this project. If the Regents desire an expansion beyond that amount, the difference should come from non-state sources. You are aware that we have reached voluntary agreements with our major employee unions regarding compensation and working conditions. Those contract requirements have been funded. For the employees who are not members of bargaining units I am recommending salary improvements of 4 percent, beginning on July 1 1989, and