GOVERNOR'S MESSAGE

NEBRASKA AFFAIRS EXHAUS-TIVELY REVIEWED.

Recommendations for New Legislation in Various Directions-A Plan for Enhancing the Finances of the State-Greater Economy Urged-Immediate Relief for Drouth Sufferers Recommended-Other Matters Touched Upon.

Gov. Crounse's Last Words

The biennial message of Governor Lorenz Crounse as read to the senate and the house of representatives yesterday is as follows: Gentlemen of the Senate and House of Representatives: In obedience to a con-stitutional requirement it becomes my duty as well as it is my pleasure

atitutional requirement it becomes my duty as well as it is my pleasure to communicate for your consideration such information as I may possess concerning the affairs of the state, together with such recommendations touching needed legislation as observation and experience during my two years in the office of chief executive have suggested.

With you for the time is lodged the duty of making laws for the state, a duty which involves no light responsibility. Beside some degree of familiarity with the methods of legislation, it presupposes a thorough

degree of familiarity with the methods of legislation, it presupposes a thorough knowledge of the state's condition and needs. To furnish such knowledge in great part the law requires all officers of the executive department, and of all the public institutions, to make a report of the condition, management and expenses of their several offices and institutions. These reports have been made for the biennial period just closed and will be placed before you. They have been prepared with care and contain much valuable information. I commend them to your careful study. your careful study.

Relief for Drouth Sufferers.

The period intervening between the meeting of the last legislature and your present ing of the last legislature and your present assembling has been one of general depression throughout the country, which has been especially aggravated with our people by the partial failure of crops in the year 1893 and their total destruction in a large portion of the state in the year just closed. This double misfortune has resulted in a condition of distress in many localities which has been followed by numerous and urgout an been followed by numerous and urgent appeals for help. Inspired by the action taken by the legislature of 1891 for the benefit of sufferers from the drouth of 1890, frequent demands have been made on me during the last six months to call an extra session of the legislature to take action in the matter. Notwithstanding the comfert, it would have Notwithstanding the comfort it would have given me to exape these importunities by turning the subject over to the legislature, I decided not to make the call. To have done so would have been to make the ac-tion of Nebraska exceptional among the states similarly afflicted and would have given the state an undesirable advertise-ment. I also knew that, in the action taken the state an undesirable advertisement. I also knew that, in the action taken in 1891, the state had reached its limit of indebtedness under the constitution, and considering the empty condition of the treasury and the inability to appropriate aid, I chose not to incur the large expense which would attend an extra session, but determined to leave to the several counties the care of their needy till the convening of the regular session. While my decision has been a disappointment to some of the more importunate and less considerate, in the main it has had pretty general approval, and the several counties and localities where distress exists have gone to works and by engaging exists have gone to works and by engaging in works of internal improvement and by or-ganized effort bave furnished work and sup-

plies for the needy.

In the meantime I have revised and reformed the relief commission of 1891 which has been actively and earnestly at work ascertaining the extent and location of the ascertaining the extent and location of the relief required and in soliciting and distributing aid. Considering the stringency of the times donations both from within and from without have been quite liberal. Especially are the thanks of the state due to the state of Oregon, which through the chamber of commerce of Portland, has already donated several car loads of grain and provisions, and to the states of Illinois, Indiana and lowa, which are making generous shipments. Thanks are also due to the several ratiroads of the country, and especially those ments. Thanks are also due to the several ratiroads of the country, and especially those whose lines extend into this state, for gen-erously giving free transportation to all donations for the relief of our citizens, the aggregate cost of which at usual rates would have been many thousands of dollars. The sum of all donations, consisting of flour, grain, food of various descriptions, clothing, amounts to something ocal. All of this and what is still to come, together with what the several counties and localities have supplied, must go far towards affording the relief required. What the legislature may choose to do or find itself able to do is for you to determine. That there are and will be cases of distress unprovided for and would be water by That there are and will be cases of distress unprovided for, and would be under the most liberal provision for the care of all, is in the nature of things. Modest and spirited people will subryit to want rather than beg or eat the bread of charity. On the other hand there are the immodest, importunate and undeserving who are ready to profit at the expense of the deserving. The history of the distribution of the aid given by the state in 1891 shows that in some instances well-toin 1891 shows that in some instances well-to-do people, men who had money in banks, chamelessly shared the bounty designed for their unfortunate neighbors. People of that their unfortunate neighbors. People of that class have been most importunate for an extra session of the legislature and a repetition of the experience of 1891. Disappointed in this, as appears by letters and circulars which have found their way to my table, they have undertaken to berate the executive and to solicit aid on their own account rather than through the commission organized for that purpose. While some of these circulars may have been inspired by good motives, others have not and all have brought but little good and much discredit to the state. state. The Most Pressing Matter.

The Most Pressing Matter.

The first and most pressing subject demanding your attention, therefore, will be the action that should be taken for the relief of sufferers by the late drouth. With the limit of indebtedness which, under the constitution, is fixed at \$100,000, already reached by the action of the legislature of 1891 in voting \$100,000 in bonds for a like purpose, and the general fund, carrying some hundreds of thousands of dollars, in meeting its 7 per cent unusual wavesuates. some hundreds of thousands of dollars, in meeting its 7 per cent unpaid wrrrants, you are confronted with the question of right, as well as of wisdom, in voting any state aid. To my mind the giving of donations from the state treasury is of doubtful propriety and should only be done in extreme or unavoidable occasions. A too ready and frequent response by the state begets dependence destroys manly noide and excess. frequent response by the state begets dependence, destroys manly pride and encourages improvidence. My idea is that the several counties should care for their own needy. Many of them are free from debt and abundantly able and willing to do so. What they want is power to raise means on county bonds, if necessary, and donate or loan the money to their citizens who are in need for such time and on such terms as may seem best. Each county feeling its own responsibility and may its as may seem best. Each feeling its own responsibility having a concern for its own having a concern for its own people will give thorough investigation in all cases and distinguish real from pretended cases of need. In this way relief can be brought to the deserving for a quarter or less of the expense that it would cost the state. This plan would not only serve for the present, but would be applicable in other years should there be a repetition of the experience Furthermore the bonds issued unr such provision would furnish good in-stment for the permanent school fund of e state. If any risk were to be taken on my of these bonds the state might as well take it as to make donations outright from its treasury. I might further suggest that as an emergency exists the powers of county commissioners or boards of supervisors

be issued, fundable later in the bonds rec-

The State's Financial Condition. The financial condition of the state is bad and I trust you will not allow the session to and I trust you will not allow the session to end without having taken steps to mena 18 From the reports of the treasurer and auditor it will be seen that on the lat day of December last there were outstanding warrants drawn on the general fund to the amount of \$547,281.18 and on the feeble-minded institute fund for \$61,356.93, making an aggregate of \$008,588.11, with only \$29,593.67 in those funds from which to pay them. At the same time there was in the treasury \$417,313.61 of idle money belonging to the permanent time there was in the treasury \$417,313 61 of idle money belonging to the permanent school fund. In other words, the state was paying interest at the rate of 7 per cent per annum on upwards of six hundred thousand dollars and was losing interest on over four hundred thousand dollars. If under the law of 1891 the permanent rehool fund could have been invested in these warrants as it was intended, much of this interest, instead of going to warrant brokers, would be saved for the benefit of the schools of the state. But unfortunately the supreme court has decided that law inoperative, as will be referred to in another part of this communication. This load of high interest-bearing debt has been incurred by appropriations made by more load of high interest-bearing debt has been incurred by appropriations made by more recent legislatures, notably that of 1891, in excess of taxes that could be levied and collected under our present revenue laws. The assessors of the state vie with one another in their efforts to reduce the valuation of property. In this they are encouraged and supported by the natural disposition of one precinct or county to shift its burden of taxation on the others. As a result the property of the state, which by the census of 1890 is estimated at \$1,275,685,514, is assessed at about \$180,000,000, or less than 15 per cent of its value. Under the present limit of 5 mills levy on the dollar for the general fund it is hardly possible, with the observance of the strictest economy, to raise on so low a valuation sufficient money to meet the needs of the state.

remedy for this lies either in an in The remedy for this lies either in an increased valuation of the property of the state or in extending the limit of the levy. To extend the limit of the levy is simple and an increased valuation can be effected in different ways. One is by providing for the assessment of property through state or district assessors, and thus removing the work from local influence. Another is by giving greater power to state and county equalizing boards. The state equalizing board, consisting of the governor, treasurer and auditor, under the present law can make no change in the assessment roll as it comes to change in the assessment roll as it comes to them. In equalizing state taxation among the several counties its power is restricted to varying the rate under the limit fixed as applied to one county and another. Its au-thority should be enlarged so that it could not only raise the valuation of any particunot only raise the valuation of any particu-lar county or counties, but increase the as-sessment of all the property returned to any extent not exceeding its true value.

In the auditor's report will be found a

statement showing the excess of appropria-tions for several years, the percentage of de-linquent tax and other interesting and in-structive information bearing on this sub-

Deposit of State Funds.

Deposit of State Funds.

The legislature of 1891 passed an act providing for the deposit of state and county funds in banks. The wisdom of such a law, as far as it concerns the money of the state, to my mind, is doubtful. In ordinary or normal times its operation might be attended with little risk, but in times of financial stringency and uncertainty, such as have prevailed for the two years last past, it is liable to be accompanied with much hazard, as experience has shown. The law imposes on officers who are chosen with no special reference to their fitness for the task the duty of determining the solvency of the reference to their fitness for the task the duty of determining the solvency of the proposed depositories and the financial ability of the obligors on the several bonds offered as security for deposits asked for. The act does not even provide that the sureties shall make oath as to their responsible to the converge statement of the sureties shall make oath as to their responsi-bility nor for any sworn statement of the amount, character and value of the prop-erty owned by each. Notwithstanding this the approving officers, consisting of the governor, secretary of state and attorney-general, following the practice of the courts have, as a rule, demanded of all sureties an oath showing the lightificance. oath showing their liability over and above exemptions. Even this precaution has no proved a protection, for in one notable it stance the required oath was taken glibly and unhesitatingly and a rotten bank which had successfully deceived expert bank examiners and hundreds of innoexaminers and hundreds of inno-cent depositors succeeded in putting upon the state an almost worthless bond for a large sum. Luckily in the case referred to, that of the Capital National bank, it will be found, I believe, that no deposit was made state nder the bond and the state is not he loser by the transaction. During he past two years of financial tringency the law was been an invitation under the bond and the the to the banks of the state to apply for funds which some of them could get in no other direction seemingly, and no less than fiftynine applications and accompanying bonds have been received. Of these forty-seven were approved—enough to many times absorb the comparatively little idle money in the treasury aside from the permanent sorb the comparatively little idle money in the treasury side from the permanent school fund, which the supreme court in the case of the State vs. Bartley has decided not subject to deposit under the law. This list of depositories includes many banks of undoubted standing, some of which were solicited to apply in order to furnish the treasurer avenues in which to safely put out the state's money. he state's money.

the state's money.

Still another question arising under this act is as to how long this approval of any depository is to hold. The conditions which warrant the approval of a bond today may chance in the change in the course of a few months change in the course of a few months in these times of uncertainty, and it is hardly supposable that the board could keep track of such changes. Still, it is in behalf of the bank with such failing security that the strongest personal and political influence would be brought to bear, and the treasurer might yield to such importunity without personal responsibility or liability on his part. If the law is to be continued it may be well to consider whether it should not provide for periodical extentions in the form of the such consider whether it should not be well to consider whether it should not provide for periodical examinations into the sufficiency of the several bonds and a limi-tation be fixed to the life of them without reapproval, and such other amendments as will give additional security in depositing

the state's money.

In this connection I may add that as a measure of additional safety in deciding on the value of some of the bonds offered, the board employed the services of one of the board employed the services of one of the eading commercial agencies, having an of-ice at the capital. The services have been fice at the capital. The services have been valuable, the price agreed upon reasonable, and I would recommend the payment of the charges made therefore.

To the state have been given the sixteenth and thirty-sixth sections of land for the benefit of its public schools. The constitution has fixed the minimum price at which these lands can be sold at \$7 per acre. The money derived from the sale of these lands forms a permanent school fund, the interest a permanent school fund, the interest on which, together with the rents from unsold lands, furnishes a temporary fund which is applied to the support of the public schools. It is therefore important that this permanent school fund shall be at all times invested, and at the best rate of interest obtainable. As a member of the board of educational lands and funds I have labored earnestly to effect this. The law limits the investment of this fund to United States or state securities and registered county bonds. No state bonds have been offered during the last few years and. county bonds. No state bonds have been of-ferred during the last few years and, owing to the low rate of interest and high premium commanded, and in the hope of being able to invest in county bonds, which ordinarily pay the best interest, the money has not been tied up in United States bonds. But owing to the depression of business, failure of crops and other causes, but few counties have made new issue of of business, failure of crops and other causes, but few counties have made new issue of bonds and those issues have been eagerly sought by bond brokers. Where the board has heard of any proposed issue it has been prompt to assure the county authorities that the state would purchase them at as good or better rate than obtainable elsewhere. In some few instances county bonds have thus been secured, but in others, through private

arrangements with agents, by the imporition of terms which the board had no power to comply with and by other methods not necessary to recite, the offer of the state to pay to the county direct such better price has been disregarded and the bonds have had to be obtained, if at all, through second

to be obtained, if at all, through second hands, and at an increased price.

In order to keep the entire permanent school fund at all times invested and earning some interest I would recommend the enactment of a law directing the board of educational lands and funds to invest all moneys of that fund not otherwise invested, in United States bonds, with authority to sell and convert them from time to time into other lawful and better interest paying securities when opportunities offer. Withsecurities when opportunities out an act of the kind suggested the board out an act of the kind suggested the board. This out an act of the kind suggested the board is powerless to make such conversion. This was so decided in an opinion given by the supreme court as will be seen by reference to page 684, fifteenth volume of Nebraska re-

In answer to questions submitted to the house of representatives the supreme court gave an opinion to be found on page 659, volume 25, Nebraska reports, holding that state warrants issued in pursuance of an appropriation made by the legislature and secured by the levy of a tax for its payment are state securities in the meaning of the constitution, which says that educational funds may be invested in state securities. Following this decision the legislature by a law, found in the session laws of 1891, chapter 48, declared that when a warrant of that description shall be presented to the state treasurer for payment and there shall not be money in the proper fund to pay said warrant, the state treasurer shall pay the amount due on said warrant from any funds in the state treasurey belonging to the permanent school fund, and shall hold said warrant as an investment of said permanent school fund. Early in his term of office and even before. In answer to questions submitted to the longing to the permanent school fund, and shall hold said warrant as an investment of said permanent school fund. Early in his term of office and even before a levy had been made for their payment and they had become state securities, the present state treasurer had, for some reason, paid a large number of warrants drawn in favor of members of the legislature and others, and for the payment of which there was no money in the treasury other than the school fund, but later and after the levy of a tax had been made for their payment, the treasurer for some other reason declined to pay any more warrants and turned them into the permanent school fund, contending among other things that he must first have the direction of the board of educational lands to rection of the board of educational lands to purchase warrants.

Court Sustained the Treasurer. In order to compel him to comply with the law the attorney-general, at the instance of the board, instituted proceedings in the supreme court. That tribunal sustained the supreme court. That tribunal sustained the treasurer, holding that inasmuch as the constitution had constituted the governor, secretary of state, treasurer, attorney-general and commissioner of public lands and buildings a board for the myestment of the permanent school funds, it was not competent for the legislature to empower the treasurer alone without specific direction of the board to pay warrants and turn them into that fund. In answering the argument of the attorney general, who contended that it was never intended that the board should remain in continual session from January 1 to December 31 of each year in order to pass upon warrants presented and to make orders for their payment from the permanent school fund, Chief Justice Norval, who delivered the opinion of the court answered this by saying: "The construction we have placed upon the constitution will not have the effect outlined by the attorney general. It is the duty of the board charged with the constitution had constituted the governor, lined by the attorney general. It is the duty of the board charged with the management and control of the school funds to determine and control of the school funds to determine when, and in what sum said funds shall be invested, as well as what securities of the kinds authorized, by the fundamental law, shall be purchased, and the price that shall be paid for the same. When the board has so determined and ordered, it may by resolution, entered upon the records of its proceedings, authorize and direct the state treasurer to pay out the money therefor. It may, prior to the purchase, examine the particular security offered for sale if deemed desirable and expedient, but it is not indispensable that it should do so. The board may direct the treasurer or any other member of the board to do that."

board to do that."

With a view to meeting the direction of the court, which seemed to point out the way in which the objection of the treasurer could be overcome, the board was convened, when I submitted the following resolutions, which were unanimously adopted, namely:

The Governor's Resolutions. Resolved, That the sum of \$200,000 of the permanent school fund of the state of the permanent school fund of the state of Nebraska, or so much thereof as may be necessary, be and hereby is set apart from which to pay outstanding warrants drawn upon the general fund, which warrants are registered and bearing numbers from No. 13,292 to 16,000 inclusive, together with account juterest, it, being determined by this to 10,000 inclusive, together with accrued interest, it being determined by this board that said warrants are drawn in pursuance of an appropriation made by the legislature and secured by the levy of a tax for their payment, and therefore are state securities, and the state treasurer is instructed to at once notify the several parties in whose names said warrants are regis ties in whose names said warrants are regis-tered of his readiness and purpose to pay said warrants so that the interest on the same shall cease as provided in chapter 93 of the com-piled statutes of Nebraska and when so paid the warrants shall be held by the treas: an investment of the permanent school fund and shall be stamped and signed as provided

Resolved, Also, that the further sum of \$250,000 of the permanent school fund of the state, or so much thereof as shall be neces-sary, be and hereby is set apart from which to pay current, unregistered warrants already drawn, as well as those which may hereafter be drawn, against the general fund under appropriations made by the last legislature, it being determined by this board legislature, it being determined by this board that such appropriations are secured by a levy of a tax for their payment, and the state treasurer is hereby directed to pay such warrants as they may be presented at the state treasury and stamped, signed, and hold the same as an investment of the permanent school fund as provided by statute.

Resolved, Further, that the state treasurer, a member of this board, be and hereby is empowered to act in its behalf in deal.

is empowered to act in its behalf in dete mining questions as to the genuineness and ownership of any and all warrants pre-sented under the foregoing two resolutions, and when in doubt he will refer the matter to the chairman to be submitted to board for its decision.

The people of the state have the right at The people of the state have the right at all times to demand the practice of the strictest economy in the appropriation and expenditure of their money. Especially can they insist on a rigid adherence to this rule when they themselves are struggling under an enforced observance of it in their in dividual affairs. The greater portion of the money which finds its way into the treasury goes for the support of the several penal, reformatory, charitable and educational institutions of the state. On the way in which these institutions are conducted, therefore, depends to a great extent the expenses of the depends to a great extent the expenses of the state. They need that attention and super-vision without which extravagance, waste vision without which extravagance, waste and even peculation grow up. In my several relations as appointing officer and member of the board of purchase and supplies I have given much study to their management, and I think I can safely say that most of these institutions were never more ably and economically conducted than they now are. In fact, the limited appropriations for their support made in 1893 have demanded the exercise of more than the usual care and economy. You may recall my remarks to the legislature two years ago when I said:

economy. You may recall my remarks to the legislature two years ago when I said: "Nebraskans, in the main, are a plain people. With most of them life is a perpet-ual struggle. Hard work, frugality and economy are their constant companions. They indulge in little extravagance themselves, and they may reasonably expect their representatives to govern themselves in like manner. The tendency of the day is their representatives to govern themselves in like manner. The tendency of the day is toward extravagance and it nowhere manifests itself more than in the conduct of pub lic affairs. Extravagance begets extrava-gance. An unwarranted or too liberal appropriation of today forms the precedent

for tomorrow, and I submit to you whether your predecessors have not always passed the high water mark. Such is my opinion, and in my judgment the aggregate of ap-propriations made by the last legislature should be cut down fully three-quarters of a million dollars, notwithstanding the growth of the state in the meantime."

Made a Beginning.

Made a Beginning.

Whether out of deference to my advice or not the fact is that the sum of appropriations made by the legislature of 1893 was \$2,205,940.26, as against \$2,886,575.63 in 1891, or \$667,635.37 of the three-quarters of a million reduction recommended by me. Current expenses for the support of convicts in the penitentiary are fixed by a contract made by the legislature. The affairs of the normal school and the university are under the control of a beard of education under the control of a board of education and a board of regents respectively. Hence these institutions are omitted from the fol-

these institutions are omitted from the following comparison:

During 1892 the remaining eleven institutions supported 1,564 inmates at a cost for current expenses of \$350,678, or \$248 per capita, or \$.68 per capita daily.

During 1893 they supported 1,822 inmates at an expense of \$411,897, or \$226 per capita, or 62 capita per capita deily.

During 1893 they supported 1,822 immates at an expense of \$411,897, or \$226 per capita, or 62 cents per capita daily.

During 1894 they supported 5,042 immates at an expense of \$393,327, or \$192.61 per capita, or 52.7 cents per capita daily.

Thus it is shown that during the years of 1893 and 1894 these institutions sustained an average number of 1,932 immates at an expense of \$505,224.

The institutions produced \$48,700 of this amount in cash, farm and garden products, although the two years just closed have been very unfavorable to agriculture. In arranging for a wider and sharper competition in bids for supplies, in providing for the slaughter of beeves at the larger institutions and its purchase by the carcass at wholesaie prices in others instead of purchasing through local butcher shops, by analysis of coal, the manufacture of soap and other articles of large consumption, by the largest production of supplies for use of the institutions and of products for sale from their lands, and in other ways the expense of supporting these institutions has been greatly reduced. What has contributed more than anything else to their economical conduct has been the requirement of periodical reports from each of them.

Section 21 of article 5 of the constitution ports from each of them.

Section 21 of article 5 of the constitution

requires that the officers of all institutions of the state shall make a semi-annual report to the governor, under eath, of the moneys received and disbursed. A compliance with this wise requirement it seems had never this wise requirement it seems had never been insisted on, and except in the case of the university, which is under the control of neither the governor nor the board of public lands and buildings, scarcely any reports of the kind were supplied. I not only insisted upon these reports being furnished, but adopted for them such a form as would present much information valuable in keep-ing watch over expenditures made. These ing watch over expenditures made. These reports show not only the number of officers, employes, immates, money used for both current and extraordinary expenses, what has been produced, consumed and sold, but what it has cost the state per capita during the given period for board, for clothing, for fuel and other items of expenditure. These reports furnish the data from which to ascertain the relative cost of maintaining and the relative cost of maintaining and the relative cost of maintaining and the second and the relative cost of maintaining and the relative reports furnish the data from which to as-certain the relative cost of maintaining in-mates and for comparing it with the cost of other states, as well as for ascertaining the relative expense for different periods. While these reports, with a knowledge that they are before the executive and open to public inspection and criticism, have served as a check to extravagance and a stimulus to greater care on the part of heads of institugreater care on the part of heads of institu-tions, they will, I trust, serve as a valuable guide to you in making appropriations.

I would call your attention to the need of a revision of the laws relating to the establishment and government of several of the state institutions. Some were provided for state institutions. Some were provided for before the adoption of the constitution, of 1875 and were placed under the direction and supervision of trustees chosen by the legislature. Under the constitution which makes the commissioner of public lands and buildings, the secretary of state, the treasurer and attorney-general a board instrusted with the supervision and control of all asy-lums and other institutions except those for educational purposes, some confusion has arisen and some conflict of authority relat-ing to the appointment of officers and upon ing to the appointment of officers and upon other points which have been the subject of decision by the courts. In one institution the tenure and duties of an officer are fixed, while in a similar one, and for no apparent reason, these are left undefined. The whole matter should be carefully considered and the laws made clear and specific.

Governor should Appoint All. In the case of some of the institutions of In the case of some of the institutions of the state the governor appoints the superin-tendents and other officers, while in others this authority is given to the board of public lands and buildings. This is wrong. The governor should be charged with the apgovernor should be charged with the ap-pointment in all these cases and he alone should be responsible to the people for his actions. The responsibility for a bad ap-pointment should not be a divided one and one not directly traceable or chargeable to any one person. Considerations of a politi-cal or partisan character may be opnosed to any one person. Considerations of a point cal or partisan character may be opposed to cal or partisan character may be opposed to a favorable acceptance of this recommenda-tion at this time, still sound legislation should not be avoided for fear of the loss of some partisan advantage. It is unfortunate that

not be avoided for fear of the loss of some partisan advantage. It is unfortunate that the heads of some institutions, in cases where to fitness experience has been added, should become the sport of political fortune, and for good reasons only should tried and experienced officers be replaced. Actions Brought by the State.

Actions Brought by the State.

Soon after my inauguration the Capital National bank of Lincoln failed and its affairs and assets, pursuant to the United States statutes, were placed in the hands of a receiver for settlement and liquidation. State Treasurer John E. Hill, during both his terms of office, had deposited large amounts of state funds in that bank. An investigation, have already and the state of the state funds in that bank. amounts of state funds in that bank. An investigation by a legislative committee disclosed that he had turned over to his successor, State Treasurer Bartley, who had received them in lieu of money, certificates of deposit issued by such bank to the amount of \$285,357.85; that these were thereupon surrendered by Treasurer Bartley and the amount thereof credited upon an account with the bank opened by him as state treasurer, and that prior to and including Levi urer, and that prior to and including January 21, 1893, he had checked or drawn out portions of this amount, leaving to his credit on account of the surrendered certificates the sum of \$236,384.62. No part of this has on account of the surrendered certificates the sum of \$236,334.62. No part of this has as yet been realized by the state from any source, and for that amount ex-Treasurer Hill has failed in any manner to account. I was advised that it would be prejudicial to the rights of the state upon his bond to file or authorize to be filed any claim in its behalf with the receiver, and I did not do so. I am informed that some claim in the premises was presented by Treasurer Bartley, but ises was presented by Treasurer Bartley, but that as yet no dividend has been paid to

him on account thereof.

I deemed it important that an action for the recovery of this deficit should be speedily commenced upon the bond of ex-Treasurer Hill, for his last term of office, and in con-formity with my advice and directions to the attorney-general as provided by law such an action was commenced on the 25th such an action was commenced on the 30th day of March, 1893, in the district court for

Irregularities in Institutions.

Other investigations instituted by the legislature disclosed various apparent delinquencies, malfeasances and embezzlements on the part of persons connected with state institutions, especially the asylum for the in-sane and the state penitentiary. In conse-quence, presumably, of these disclosures, the legislature by chapter 58 of the laws of 1893 appropriated and placed under the direction and control of the governor the sum of \$10,000, to be used by him so far as deemed neccoo, to be used by him so far as deemed nec-essary in employing attorneys to prosecute criminal cases and pay the expenses con-nected therewith where the state had been defrauded by its officers, employes or others dealing with such institutions, or having in their possession or control moneys, funds, property or effects belonging to the state; or to prosecute civil actions or proceedings property or enects that the proceedings or to prosecute civil actions or proceedings against officers, persons or incorporations indebted to the state on account of moneys, funds or effects belonging thereto, or upon

any official bond, contract or obligation for the safe keeping or disposal of such moneys, funds or effects, and a supplementary ap-propriation of \$5,000 was made for the same general purposes. Portions of these sums have been expended in the proceedings here-inafter mentioned, but a considerable part thereof remains unexpended, applicable to

the same or similar proceedings.

Under this authority I employed ex-Judge
E. Wakeley of Omaha to assist the attorneygeneral in prosecuting the action referred to upon the bond. Douglas county was se-lected as the forum upon advice of coun-sel for the state, who believed that its inter-ests would be isomardized by the bias. ests would be jeopardized by the bias and local prejudice which would pervade a jury trial in the district court of Lancaster county, where the transactions connected county, where the transactions connected with the breach of the bond and the failure of the Capital National bank had occurred, actended with much local excitement and feeling. It was, however, determined by the district and supreme courts that the cause of action upon the bond arose in Lanancaster county, and that there only the action could be properly brought.

Although the percentage of the insane in

Although the percentage of the insane in ebraska has not increased and is not greater Nebraska has not increased and is not greater than the average in other states, yet the liberal policy adopted by the legislature of 1891, under which the state assumes the expense of caring for all the insane of the state without making in turn any charge to the counties or to the estate or relations of the retient. The resulted in a large influx of patient, has resulted in a large influx of patients which is taxing the full capacity of the three asylums. If this policy is to be continued there is a demand for more room. continued there is a demand for more room. This should not be met by a multiplication of asylums. By alteration of and additions to the three asylums the state now has ample room can be provided to anticipate the wants of a couple of decades and at a small fraction of the expense attending the establishment of a new one. Double the number of patients can be taken in charge by the same officers and maintained at a reduced per capita expense. Whether all, or which one or ones, should be thus enlarged is for you to determine, and it would be for you to determine, and it would wise if your action were guided by some committee attended by a competent architect, who should first examine these different institutions.

stitutions.

These three hospitals, located at Hastings, Lincoln and Norfolk, under the superintendency of Drs. Johnston, Hay and Little respectively, have been ably managed and I desire to testify to the hearty co-operation and sympathy of these gentlemen and the stewards under them in my efforts to reduce the expenses of these institutions, to the the expenses of these institutions to the minimum. A reference to the table fur-nished you will show that the annual pernished you will show that the annual pe-capita tax expense was reduced from \$270.04 in the year 1892 to \$152.65 in 1894 at Hastings, from \$229.72 to \$193.05 at Lincoln and

ings, from \$229.72 to \$193.05 at Lincoln and from \$270.34 to \$258.04 at Norfolk during the corresponding period—all excellent showings and about equally good considering the difference in population of each, which of course affects the result.

The institution at Hastings bears the name "the asylum for the incurable insane." To those who are taken there who have reason enough to understand the significance of the application and to their friends the name stands as a terror and it should be changed to "the hospital for the chronic insane." Whether there should be a separate hospital for the chronic insane or not is discussed in the reports of the several not is discussed in the reports of the several superintendents and their discussion is worth your study. For reasons I cannot under-take to set forth it is my opinion that the classes referred to should be distributed among the several institutions

Transportation of Patients

In connection with the foregoing I desire to make a recommendation in the interest of both humanity and economy. It is usual for sheriffs to convey lunatics from their respective counties to the hospital. The common fear of a crazy person which pos-sesses people, generally leads these officers in some cases which have been brought to my attention to bind their subjects with iro and straps, both cruel and unnecessary, and tending to aggravate the malady of the patients. Their transporation should be by patients. Their transporation should be by a skilled and experienced attendant from the institution, and money provided for the payment of the actual expense incurred. This would result in a saving of 50 per cent or more of the amount now paid.

Irrigation.

The subject of irrigation is of such importance as to demand special consideration at this time. The fact that nearly or quite half the lands within the state lie west of the line of humidity sufficient to insure an broken succession of crops renders irriga-tion necessary to protect the people against disaster in unusually dry years. The par-tial failure from drouth in 1890-02-93, and the almost total failure of 1894, has awakened the people to the necessity of providing for watering the growing crops by artificial means. The soil of western Neoraska, where, to some extent, want now prevails, is as fertileas that of any portion of the United States, and in years past has yielded abundant harvest in response to the efforts of industrious settlers. This fact has fostered means. The soil of western Nebraska wh anti-irrigation sentiment and retarded work tending to the establishment of a system of irrigation, but the more recent failures from irrigation, but the more recent failures from drouth have dissipated all false opposi-tion and started active operations in several counties of the state. And now while irrigation in Nebraska is in its infancy and necessarily experimental, it will be well for the present legislature to give the subject careful study, to the end that be well for the present legislature to give the subject careful study, to the end that wise legislation may be enacted providing for the protection of individuals in their rights to the use of water for irrigation pur-poses. The right to the use of water from the streams should be so safeguarded by law as for prevent the very appearance of the streams should be so saleguarded by law as to prevent the very appearance of monopoly and to preclude all possibility of erroneous rendition of the laws which may be passed covering the question.

The deputy commissioner of labor and in-

dustrial statistics has prepared a careful report upon irrigation, setting forth the extent to which it has been carried within the state, including a tabular statement, accompanied by a map, showing all statistics as far as obtainable at this time. The question of water supply and best methods of applying the same to the land is discussed in the re-port named, to which you are referred for more extended information upon this guesnore extended information upon this ques-

Beet Sugar Industry.

Experiment of the most convincing and conclusive character has demonstrated the peculiar fitness of Nebraska's soil and elipeculiar litness of Nebraska's soil and cli-mate for the production of sugar beets. Un-der the stimulus of the act passed by the legislature of 1889 offering a bounty of 1 cont, and the further action of congress in 1890, giving a bounty of 2 cents for every pound of sugar produced, the manufacture of sugar sprang up and remidle. of sugar sprang up and rapidly grew into proportions which gave much promise to the state. The best sugar factory established at state. The beet sugar factory established at Grand Island was soon followed by the erec-tion of another at Norfolk, both representing an investment of something like a half mill-ion of dollars, employing during a part of the year some 600 employes and disbursing many thousands of dollars in wages and in the purchase of beets. Under proper in-ducement these factories might be multiplied e purchase of beets. Under proper in-coment these factories might be multiplied and carried into many of the counties of the state. This would result in a much-needed diversification in our agriculture, in smaller alversineation in our agriculture, in smaller holdings in land and consequent rise in value, a largely increased population, the employment of a vast army of workmen, and adding in the end very largely to the wealth of the state. Furthermore it is demonstrated that heats are a constitutional support of the state. that beets, as a crop, will succeed in dry sea-sons when other crops fail—a matter worthy uch consideration, in view of our reexperience.

The Bounty Question.

The Bounty Question.

By the action of the legislature in 1891 the state bounty theretofore offered was withdrawn and congress has also recently repealed the law giving the bounty of 2 cents per pound. As a result one of the two factories of the state has just been closed and it is a matter of doubt whether the other will continue under present conditions. I should regard it as a serious misforume to the state if an industry of such importance and which has drawn so much interest to the state if an industry of such interest to and which has drawn so much interest to Nebraska should die out, and it is well worth your earnest consideration whether

anything can be done by you to keep at those factories we already have and a courage the establishment of others. By you conclude to do so it might be by a ty to the manufacturer of sugar conditation that he pay for beets used not less the price named, and that the payment of a bounty do not continue beyond their when the general government may given ficient protection to the industry.

MAXIMUM MATO LAW. At the last ession of the legislature at was passed classifying freights and fin reasonable maximum rates to be char for the transportation of the same on railroads of the state. Before the law into effect, however, parties interested the several roads instituted proceedings the federal court to test its validity justness and by a recent decision reade by a judge of the United States court operation of the act has been suspend while it asserts the constitutionality of a state of the court, as I understand while it asserts the constitutionality of the court of the court and the constitutionality of the court of the court and the constitutionality of the court of the court and the constitutionality of the court o while it asserts the constitutionality of act and concedes the right of the legislate to enact laws of this kind, holds that then to enact laws of this kind, holds that them so fixed are not sufficiently remunerains the roads and for that reason enjoins the enforcement. The opinion of the jude disappointing and unsatisfactory. It is be regretted that in saying to a state certain railway rates established by it are unreasonable the court did not give the sessome rule by which reasonable rates may be determined. be determined.

be determined.

The opinion leaves undetermined another important and long-agitated etion, whether fictitious capitalization railroads should be added to their real when fixing a basis upon which inconshall be permitted. Not only with a vector determining the soundness of the decirrendered, but with the purpose of setting the questions I have referred to and others which may be valuable as a guidant of the control of the c the questions I have referred to and a others which may be valuable as a guest future legislation, I would advise that prize the case until it shall have reached court of last resort, if necessary is necessary in the case until it shall have reached a court of last resort, if necessary is necessary in the case until it shall have reached a court of last resort, if necessary is necessary in the case until it shall have reached a court of last resort, if necessary is necessary in the case and the case are not contributed in the case and the case are not case and the case are not case and the case are not case as a case and the case are not case as a case and the case are not case as a case and the case are not case as a case and the case are not case as a case and the case are not case as a case and the case are not case as a case and the case are not case as a case and the case are not case as a case and the case are not case as a case and the case are not case as a case and the case are not case as a case as a case as a case as a case and the case are not case as a case cute the case until it shall nave reaccent court of last resort, if necessary, in order definitely establish the rights of the sn If this be not done it will be for you to a sider whether a new law be enacted. If this be not done it will be for you too sider whether a new law be enacted whether to let the present one stand whether to let the state shall have grown the business of the state shall have grown under the present ruling. to it, when, under the present could be put in operation.

The Russian Thistle.

The Russian Thistle.

The Russian thistle, a most danger pest and one which has proved very day aging to some of the states on our near has invaded our territory and no effort shabe omitted to expel it. The matter has be called to the attention of our people by for fessor Bessey of the state university and it action taken by the state boards agriculture and horticulture. Any aid to legislation can give towards its externation and resisting its invasion should agiven.

The report of the superintendent of public instruction shows that owing, no doubt a the stringency of the times there was a faing off in the money expended for the sport of public schools in the year 1894 compared with the year 1893—from \$3.5, 748 in 1893 to \$4,745,556 in 1894 the same time it is gratifying to note in the average daily attendance at school a from 161,152 in 1893 to 171,193 in 1894. The State Normal School.

The State Normal School.

The state normal school at Peru is inflourishing condition and is doing me good in meeting the demand for a hist grade of teachers for the common schools the state. A pleasant visit to that insit tion assured me that the work done then thorough, and the condition of things a found them testifies to the zealous cars a ercised by the board of education and in pride it has in its charge.

My attention has been called to the fathat the supply of water there has reconfined. As the buildings are not insured matter should have prompt attention.

The State University.

The State University.

The state university, under the actives energetic direction of its present chancils has obtained a wonderful growth in attendance and has taken high rank among similations of the land. In considering wants of the university as respects road is well to consider that quite a large fraction of these carrolled is in attendance upon the considering the co of those enrolled is in attendance upon a preparatory school and they are not unia sity students proper. This preparators partment is in a sense a high school, who with its superior advantages, naturally vites a large local attendance. Of the library pupils in attendance, and whose placeful dence is given in the last report of the regular to Lancaster county and presumably mass from the city of Lincoln. The regent a nounce their determination to graduate a proper one. It will not only limit work of the institution to the objecter templated in the law castally. templated in the law establishing it and in which the bounty of the general gorn ment and the support of the state are like ally given, but will be something of a gain determining whether any addition room should be provided, and if so, is much.

The comprehensive report of the receivering the biennial period just closed w eovering the biennial period just closed we be laid before you and will give you much sired information respecting the institution. tion. It closes with a statement of needs, which include the large sum of 000 for new buildings and appurtenant and repairs of old ones, beside the use amount for current expenses. The requirement at a time when both the condition the treasury and the condition of our per can illy respond to it. While share in the just pride the people of the so feel in the university, and appreciate the portance and desirability of providing a higher callection for our young yet. portance and desirability of protein-nigher education for our young, yet lead not repress the suggestion that with a state, as with the family or individual, a question of cost and ability to pay it we be considered in connection with the question of dogwaldille. of desirability.

Other State Institutions I cannot undertake in the compass of message to make special reference to allessage to make special reference to allessage to make special reference to allessage institut ons. I have only done so a cases where I have thought such reference to all the second of the cases where I have thought such reference to all the second of the case with the second of the s transactions and an estimate of wants, while in the table which will pended to this communication will be form an account of the amount of money that is been expended for the maintenance of each and for what purpose expended. Money Received and Paid Into Trees

ury. Received and paid over to the state ire urer funds as follows:

Drafts from federal government in behalf of soldiers and sailors' home. Stage five per cent of net proceeds of sails of public lands in Nebraska. Conscience money
Money returned from sale of world's
fair furniture.
Office fees.

Total..... Conclus on.

clated or had to deal with in

Conclus on.

In relinquishing an office which came me in a manner highly complimentary as with the consciousness of having the best of service to the people of the state have so frequently honored me. How at a have succeeded, they must decide for any with me pleasant recollections of relations which have existed

Gov. Holcomb's Message Following is the message of the coming governor delivered

and those with whom I have

branches of the legislature: Fellow Citizens of the Legis of the State of Nebrasa called by my fellow citize ment of been called by my fellow braska to serve them as governments in your presence I have if the prescribed oath of office, and the ime-honored custom, I will make the discharge of the important droffice.

am indeed deeply impressed with